

Mexican Peso Crisis Cools Investors' Taste For Emerging Markets

By Alan Friedman

International Herald Tribune

PARIS — With financial markets from Asia to Latin America shuddering from the aftershocks of the Mexican crisis, the world's big money managers have begun taking a hard second look at their holdings in emerging markets everywhere.

Allen Saunders, a fund manager at UBS Private Banking in London, said the global tremors resulting from the Mexican crisis would "take the shine off the emerging markets story for some time to come because people have been reminded again of the volatility of these markets and the currency risk."

But economists said that some of the more dramatic slumps in equity and currency values in recent days — in emerging market countries as diverse as Thailand, Indonesia and South Africa — were more the result of knee-jerk investor reactions than any imminent risk of a worldwide financial crisis.

Michael Bruno, the World Bank's chief

economist, issued a statement on Thursday that was apparently aimed at calming investors.

"While market participants may exhibit some herd instinct, there are no economic or structural reasons for Mexico's problem to become a generalized financial crisis for the region or for the developing countries as a whole," he said.

Also Thursday, Mexico's central bank took a step aimed at shoring up confidence in the battered Mexican peso by agreeing to buy back as much as \$1.5 billion of dollar-linked Treasury bonds held by Mexican banks and securities firms. (Page 9)

Several economists and fund managers noted that, whether Mexico succeeds quickly or not in re-establishing stability, the present situation is very different from either the Mexican debt crisis of 1982 or the Wall Street collapse of 1987.

In each of these cases central banks and finance ministries worried about the risk of

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Asian Authorities Step In To Defend Their Exchanges

By Kevin Murphy

International Herald Tribune

HONG KONG — Heavy selling against currencies in Hong Kong, Thailand and Indonesia spurred monetary authorities across Asia into action Thursday as the aftermath of Mexico's peso debacle shook stock, bond and foreign exchange markets.

A direct market intervention in Hong Kong and strong denials of imminent currency devaluations in Jakarta and Bangkok followed a strong sell-off in Asian stock markets and concerns that hedge-fund speculators were betting against at least two currencies linked to the U.S. dollar.

But in moving to defend their currencies, monetary authorities — in Hong Kong in particular — have prompted fears that local interest rate increases are coming, moves that risk dealing a blow to already bruised confidence in Asian stock markets, analysts said.

The U.S. dollar rose to an 18-month high of 7.7740 Hong Kong dollars, its highest since it touched 7.7790 dollars on June 25, 1993.

"Probably most of it is genuine liquidation," Stuart Gulliver, head of Treasury and Capital Markets with HSBC Markets in Hong Kong, said of the hectic foreign exchange trading Thursday.

In Jakarta, Indonesian equities and currency felt the heat.

"We have no plan to devalue the rupiah despite our debt," said Saleh Afif, coordinating minister for the economy. Reuters reported.

Mr. Afif denied rumors that Indonesia, with a large international debt and a currency under pressure in recent days, would follow Mexico by devaluing the rupiah. "We are safe," he said. "Our exchange rate is still competitive."

Indonesian stocks took their biggest one-day plunge in nearly 10 months. The Jakarta Stock Market Composite index fell 8.71 points, to 452.686, just above the 1994 low of 447.00.

Traders said many foreign mutual fund managers were unloading Asian stocks to meet investors' demands.

The exodus comes despite a growing feeling that the region's stocks and bonds are cheap given the strong growth and solid economic fundamentals in most Asian countries.

"These Asian currencies are not ripe for devaluation in any consideration," said Mr. Gulliver. "The speculative story doesn't add up."

In Thailand, stocks closed down 3.13

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Chechens picking up free bread Thursday at what was left of a Grozny food store as a guard kept an eye on the street.

Israelis Shift Focus to the 'Good Life'

By Clyde Haberman

New York Times Service

JERUSALEM — An important generational change is under way in Israel's public life, and with it has come a change in what Israelis care about and demand from their leaders.

Soon, possibly as early as the 1996 elections, political power will shift from the generation of nation-builders to one

born, or at least reared, after Israel was founded in 1948.

Far more than their elders, these Israelis worry about their quality of life and their families' well-being.

It hardly means that they have dispensed with concerns about peace and national security. But people roughly 45 and under are openly less tolerant of Israel's backbreaking taxes and more prepared to criticize the onerous military

reserve duty imposed on them each year.

They are more skeptical about their leaders, more willing to throw them out of office in a flash and less captivated by Zionist folklore, whose once-ironclad truths they are increasingly prepared to see as perhaps embroidered with mythology.

In a sense, says Haim Ramon, who in

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U.S. and Japan: Low-Key, Little Progress

By David E. Sanger

New York Times Service

WASHINGTON — In its businesslike quickness and its low-key style, the meeting this week between President Bill Clinton and Prime Minister Tomichi Murayama seemed to reflect the administration's battle fatigue in its dealings with Tokyo.

Mr. Clinton's aides insist that he has lost none of his nerve for pressing Japan for major reforms in its economy and major new openings of its markets.

The president expressed confidence that his administration's blitz of recent accords with Tokyo would soon bring down the \$60 billion U.S. trade deficit with Japan.

Wednesday, Clinton aides noted, he pressed Mr. Murayama — a Socialist who abandoned many of his party's principles in a deal last summer that propelled him from obscurity to the prime minister's office — for quick progress in talks over autos and auto parts, which make up more than 60 percent of the trade imbalance.

On Tuesday, the two countries reached an agreement to partly open Japan's financial services markets to greater foreign participation.

In recent weeks, however, several officials close to the negotiations have acknowledged that the White House has lost any hope of speedy changes in Japanese economic policy.

When Mr. Murayama's advance team submitted a draft communiqué last week that would be issued at the end of the meeting, American officials rejected it out of hand because it made no mention of trade or Japan's contribution to the building of nuclear power reactors in North Korea, part of the deal to dismantle the Communist country's nuclear weapons project. But rather than fight, they just decided to issue no communiqué at all.

On Wednesday, Mr. Clinton steered far away from the kinds of comments he made two years and three prime ministers ago, when he told the first Japanese leader who visited him, Kiichi Miyazawa, that broad cooperation "can happen only if we make real progress on the trade deficit."

A High-Tech Xanadu for Citizen Gates

By Timothy Egan

New York Times Service

SEATTLE — The garage is tunneled into the hillside, with room enough to hold 20 cars. Its roof covered by a fresh-planted forest of Northwest alders. Batman would blush.

At the bottom of the slope is an estuary, manmade, fed by a small stream into which salmon will swim, procreate and die every fall, according to plan. Nature, not the building code, now governs that portion.

In between is a reception hall big enough to hold 150 people, a waterfall-cum-spa-and-60-foot-long pool, an exercise room paneled with rock from one of the highest peaks of the Pacific Northwest. And everywhere, there are video walls that can be programmed with art to match the attention span of a guest.

This is the future home of Bill Gates, covering nearly five acres (two hectares) of some of the most pampered waterfront property in America, in the suburb of Medina, a 10-minute canoe ride across Lake Washington from Seattle. At just under 40,000 square feet (3,600 square

meters) of interconnected "pavilions," as the builders call them, the software mogul's home-to-be is not a mansion, or even an estate; it's an organism.

The house, whose plans and construction have been avidly watched and chronicled in minute detail, was supposed to have been finished this year. But the date has been pushed back to 1996, and the vision of this high-tech temple continues to change — and with it, its price, originally pegged at \$15 million.

It is now \$30 million and counting, said Mr. Gates' wife, Melinda French, who answered questions about the house via electronic mail through a Gates family spokeswoman.

When it is completed, there will be no "Honey, I'm home" and a footstool-with-

beer reception as Mr. Gates enters after his basic 16-hour day.

Instead, the network of computers will alert the boulder-rimmed hot tub, the video-art walls, the climate controls, the library, the trampoline room and other sections that the master has arrived and expects an evening tailored to his mood.

But that vision is yet to materialize, awaiting the alchemy that will bring together basalt walls, stainless steel roofs, a river of wires and knot-free beams from 500-year-old trees, remilled after they were salvaged from old buildings.

For now Mr. Gates, the Microsoft Co. chairman whose net worth of just under \$10 billion makes him the wealthiest man in the United States remains without a

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Surgeon Cuts Out, and Nurse Cuts In

Compiled by Our Staff From Dispatches

LONDON — A British nurse who apparently took over an operation and removed a man's appendix has been suspended, health officials said Thursday.

"It's absolutely amazing — I have never heard of anything like this before," said Christine Hancock of the Royal College of Nursing.

After the surgeon reportedly left the operating room at Treleike hospital in Truro, western England, the nurse cut the man open, removed his appendix and sewed him up, she said. The hospital

would only confirm that the nurse had been suspended.

The Royal Cornwall Hospitals Trust said that it was investigating the case in Truro, 280 miles (450 kilometers) southwest of London. It declined to comment further. The surgical assistant who is reported to have performed the appendectomy was identified as Valerie Tomlinson.

The patient is doing fine but Unison, the health workers' union, has advised him to get a lawyer and has called for an inquiry into the incident last month. (Reuters, AP)

Russia Assails West's Stance And Warns of Risk to Ties

European Rights Group Barred as Fighting in Chechnya Intensifies

By Fred Hiatt

Washington Post Service

MOSCOW — Russia lashed out Thursday at "inadequate and hasty" criticism from the West of its military operation in Chechnya, saying that such criticism could "destroy" the positive relations Moscow and the West have built recently.

The Foreign Ministry statement also indicated that human-rights observers from the Organization for Cooperation and Security in Europe would not be welcome until a "later phase" of Russia's operation in the breakaway region.

Russia's angry comments came as the battle in Chechnya intensified again and more reinforcements were sent to the region, ranging from elite Interior Ministry troops from Moscow to marines from Vladivostok in the Far East.

Russian troops rolled into Chechnya on Dec. 11 and since then have been fighting a bloody and destructive war against stubborn opposition from Chechen fighters, who want independence from Russia. As civilian casualties and destruction have mounted, Western criticism has sharpened as well.

A U.S. State Department spokeswoman accused Russia on Wednesday of violating international obligations with its unannounced troop deployments and its attacks on civilians. Politicians in Western Europe have issued far stronger criticisms, and the advocacy group Human Rights Watch/Helsinki accused Russian forces Thursday of showing "utter contempt for civilian lives."

Grigori Karasin, the Foreign Ministry spokesman, responded that "the human tragedy and loss of life" were "practically unavoidable," given the challenge from "illegal armed groups" in Chechnya, a Muslim region 1,600 kilometers (1,000 miles) south of Moscow.

"The alternative — not to counteract the separatist and criminal regime — could lead to a repetition of the Yugoslav scenario in Russia," Mr. Karasin said.

The spokesman said most foreign leaders had shown understanding of Chechnya as being Russia's internal affair, and one that had to be dealt with. But he attacked the "inadequate and hasty reaction" of some political leaders abroad, especially Europeans, who have postponed a trade agreement and suspended consideration of Russia's entry into the Council of Europe.

"Along with a feeling of regret, such rhetoric makes one recall the recent and lamentable past of our relations with the West," he said. "Often we see outdated

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In Chechnya, A Cemetery In a Courtyard

By Steven Erlanger

New York Times Service

GROZNY, Russia — Marya Semyonova was buried by her neighbors in a shallow ditch they dug in the courtyard of their bombed apartment building at 103 Lenin Prospekt.

They could not remember her last name, Natalia Sheluptsova said, but they thought she was 60 or so. A retiree living alone, Marya Semyonova had fallen ill and her neighbors, Chechen and Russian, tried to tend her between Russian bombardments with no water, light or heat, and little food.

"But with the bombing and the shooting we were afraid to leave the cellar," Mrs. Sheluptsova said. "We didn't go to see her for a few days. This morning when we checked, she was dead."

Lyudmila Zhalina said: "We were all in the cellar together, in the dark and the cold, listening to the shells. We've lived in the cellar for two weeks. Almost every day someone died, and we buried them in the courtyard."

Wednesday it was Marya Semyonova, one of the many civilian victims of this war between Russian troops and Chechen separatists. Mrs. Sheluptsova and Mrs. Zhalina have now had enough.

A few hours after hurrying their neighbors, both women, surrounded by their children and grandchildren and guarding a pathetic pile of plastic suitcases and bags, were waiting by the side of the street at the Minutka roundabout in Grozny, where some buses still come, sometimes, some days.

They want to get out of Grozny but they do not have the \$30 a person that drivers are demanding to take residents out of the devastated city. Nearly 100 people, sitting on their belongings, were waiting to go anywhere.

"Any place out of here," said Mrs. Sheluptsova, crying. "We don't know where to go. We hear there may be a free bus to Sleptovskaya, but there are so many people."

Her husband's sister, Lela Turazeva, waited with her son, Shamil, 12, who has cerebral palsy and walks with a crutch. "We need only one thing, that Russia stop shooting at us," she said.

Kiosk



ELEVATED MOOD IN MANILA — Women in miters waiting for the Pope to pass. He joked about his health and mixed with welcomers. Page 2.

U.S. Soldier Dies in Haiti Gun Battle

PORT-AU-PRINCE, Haiti (Reuters) — A U.S. soldier was killed, another was wounded and a Haitian was killed during an exchange of gunfire at a tollbooth in Haiti on Thursday, a U.S. military spokeswoman said.

The soldier was the first to be killed since U.S. troops began their occupation of Haiti last September.

The military said a group of Special Forces soldiers was overseeing tollbooth operations when a pickup truck with two passengers stopped but refused to pay the toll. After being asked to get out of the vehicle, the driver emerged brandishing a weapon. He shot one soldier in the chest and the other in the arm, prompting the exchange.

Dole Closer to '96 Run

WASHINGTON (AP) — Bob Dole, the Senate majority leader, moved closer to a 1996 presidential run Thursday by establishing a fund-raising committee. The Kansas Republican said he would make a final decision by early April. Papers creating the Dole for Presidential Exploratory Committee were filed with the Federal Election Commission. Such committees are frequently used as a precursor to a formal candidacy.

Dow Jones		Trib Index	
Down	3.03	Up	0.49%
DM	9859.00		110.73
The Dollar			
New York	Thurs close	previous close	
DM	1.526	1.536	
Pound	1.5735	1.56	
Yen	98.605	100.045	
FF	5.2905	5.3045	

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France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....225 PTAS
Greece.....2.600 Lfr	Tunisia.....1.000 Din
Italy.....1.120 CFA	Turkey.....T.L. 45,000
Ivory Coast.....1.120 CFA	U.A.E.....5.50 Dirh
Jordan.....1 JD	U.S.A. (Eur.) \$1.10
Lebanon.....US\$1.50	U.S. Mil. (Eur.) \$1.10

THE AMERICAS / LEARNING CURVE

6 Years or 12 Years? A Fight Shapes Up Over Term Limits

By Katharine Q. Seelye
New York Times Service

WASHINGTON — The new members of the week-old 104th Congress, who rode into town on a wave of anti-Congress sentiment, have found themselves at odds with longer-serving members over how long they should all stay.

The House speaker, Newt Gingrich, has aligned himself with the old guard among those who favor limiting congressional terms. They support a bill that allows House members to stay in office for 12 years, even though a Republican poll shows that voters overwhelmingly favor 6-year limits.

The six-year limits are also the choice of most of the rebellious band of freshmen, many of whom campaigned on term limits.

Mr. Gingrich, who is beginning his 9th term and his 17th year in the House, has always favored the 12-year limit, and he said Wednesday that he would vote against a six-year limit when bills on the subject come to the floor, probably in late March.

"A six-year learning curve is just too short," Mr. Gingrich said. "I don't know that I'm all that smart, but as hard as I worked at it, I didn't get it in the first six years."

In answer to a question, Mr. Gingrich said it was not hypocritical of him to support term limits for others that would amount to about half the time he had already accumulated.

"Is it inappropriate for somebody to suggest they favor a tax increase and not voluntarily send the money?" he asked. "You can favor public policy without having to be a martyr."

He spoke Wednesday at a crowded news conference where dozens of House members, most of them Republicans, demonstrated their support for the concept of term limits, papering over for the moment their deep divisions over the length of their terms.

Before leaving, 53 Republicans and 6 Democrats signed large posters that committed them to adoption of term limits of unspecified duration.

In a deeply ambivalent statement, Representative Richard K. Armey, Republican of Texas, the new majority leader, said his enthusiasm for term limits had not waned, "but it still saddens me to take this position."

"This is a tool that I think will do for the Congress exactly what I did with a pitchfork for my dad's stable," he said.

The display on Wednesday only confirmed for cynics the ways of Washington.

"They say they have to be pragmatic, that six years wouldn't pass," said Paul Jacob, executive director of U.S. Term Limits, a group formed to support six-year limits. "That's

like a mother saying, 'Clean up your room,' and the kid saying, 'Sorry, we just don't have the votes.'"

"They are what is standing in the way of it being three terms," he added.

Representative Sam Brownback, a freshman Republican from Kansas, campaigned on 10-year limits but is supporting the bill for 12-year limits. He said he would vote for whatever term-limit bill passed.

Of the freshman class, he said, "If 12 is what it takes to get it, they'll go with that."

At the same time, the Republican pollsters who reported during last year's campaign that voters vastly preferred six-year limits seemed to back off their findings.

Luntz Research found in September that 82 percent of Americans favored six years, with only 14 percent favoring 12 years. But Steven Wagner, a pollster for the firm, suggested that this finding should not be taken literally.

"As we know in retrospect, people were looking for change," he said. "Term limits are popular, and they picked the shorter of two options. But I think voters will be happy with whatever compromise is worked out."

Kennedy Raises a Liberal Cry

Senator Urges Democrats to Stick to Party's Root Principles

By Dan Balz
Washington Post Service

WASHINGTON — Outlining a strategy to bring his party back to power, Senator Edward M. Kennedy of Massachusetts has challenged fellow Democrats to adhere to their principles, stand up for President Bill Clinton and not try to become "pale carbon copies" of the new Republican majority in Congress.

"The caricatures of us by the other side will be ineffective as long as we vigorously oppose them and expose them, instead of sheepishly acquiescing," Mr. Kennedy told a National Press Club luncheon audience. "If Democrats run for cover, if we become pale carbon copies of the opposition and try to act like Republicans, we will lose — and deserve to lose."

Although much of his speech Wednesday was devoted to attacking the Republicans' new agenda, Mr. Kennedy saved his toughest words for some of his fellow Democrats.

"Blaming Bill Clinton by some in our party comes with ill grace from those who abandoned him on critical votes in the last Congress, then ran from him in the campaign and then lost, often by wide margins," he said. "Now they come forward to advocate a strategy discredited by their own defeats."

Mr. Kennedy said he defeated the Republican Mitt Romney last fall in his most difficult reelection campaign by sticking to the party's traditional values and issues, and he said Democrats would be rewarded in 1996 if they confronted Republicans.

"In the wake of this election, Democrats need to fight back for our beliefs, not turn our back on the Clinton administration," he said, adding,

"As Democrats, we can win, but only if we stand for something."

Mr. Kennedy accused the Republicans of a "strategy of obstruction, distortion and massive personal attack on the president and the first lady" and said their agenda would result in deep cuts in Medicare and Medicaid and "lavish tax cuts" for the wealthy.

Ten years ago, Mr. Kennedy used a speech at Hofstra University in New York to urge Democrats to move toward the center following electoral defeat. This time, he defended the liberalism that is synonymous with his name.

He outlined a legislative agenda for the party designed to protect the poor and the disadvantaged and to woo back middle-class voters who flocked to the Republicans last fall.

At the top of the agenda, Mr. Kennedy said, should be health-care reform, the issue that Mr. Clinton hoped would bring Democrats electoral success in 1994 but that proved to be part of their undoing.

The senator said it was "a total misreading of the election" to suggest that the issue was dead. Mr. Kennedy admitted that Democrats "made serious mistakes" in their health-care fight last year but said the biggest miscalculation was failing to bring the issue to a vote.

"I believe voters would have rallied to Democrats in 1994 if we had gone down fighting as hard as we could for health reform," he declared. "Instead we engaged in a search for a phantom compromise that our opponents never intended to achieve."

Mr. Kennedy said Hillary Rodham Clinton had accepted more than her share of the blame for the demise of health care reform.



Newt Gingrich showing his party's "Contract With America," which calls for term limits.

New Crisis for a California City Floods Follow Fires That Denuded the Hills

By Seth Mydans
New York Times Service

ALTADENA, California — From disaster to cleanup, this is a city that lives the Southern California cycle. The same range of hills whose beauty attracts residents also threatens them with the brushfires, mud slides and floods that are a part of life here.

Just over a year ago, 12 of the 16 houses on Kindair Drive were destroyed in a wave of wildfires that swept the region. Vicky Wade's house was one of those that survived the unpredictable flames.

"My awnings burned, but not my house," she said.

But survival also meant danger: The bare and blackened hillside that rises behind her house now threatens flash floods. Now has come the night that Mrs. Wade and her neighbors — all but two of whom decided to rebuild — had been preparing for ever since the fires in late 1993.

A new retaining wall just behind her house helps divert water. Elsewhere, residents and city workers erected berms and runoff channels, planted foliage and cleared away brush.

Still, like much of the city, she was awake through the night Tuesday, hating the rushing water.

"I've been vacuuming up the water nonstop for 24 hours," she said, looking up at the sheer

hillside. "All night I set the alarm and slept an hour, vacuumed an hour and a half, slept an hour, vacuumed an hour and a half."

As brown runoff from the nearby hillsides continued Wednesday to course through the streets of this city just north of Los Angeles, anxiety mounted as well.

"Nobody wants to let their guard down because we still have rain ahead," said Linda Powell, director of a homeowners' group. "We have only made it through one storm. This is Southern California. We are always going to have earthquakes, and nobody is safe from the possibility of a mud slide."

[The storm has killed at least eight people and caused millions of dollars in damage, The Associated Press reported.]

[Some areas got up to 16 inches (40 centimeters) of rain in the past nine days, twice the normal total for the entire season. Forecasters warned that a weaker storm lurking offshore was poised to strike this weekend.]

On Wednesday, with a relative respite from the downpours, the Altadena Hardware Store was bustling as brief flashes of sunshine alternated with sudden showers.

The store manager, Don Thomas, said people had been

coming in all day, looking for help in pumping out their basements and buying up plastic sheeting for the loose, muddy hillsides faster than he could stock it.

Throughout the day, convoys of work trucks labored to keep flood channels clear. Helicopters circled the hillsides to spot sudden runoffs, and the sheriff's department deployed four-wheel-drive vehicles in the hillside area in case of emergency.

"We've got to keep in mind that even if it stops raining, it won't stop flowing here," said Lieutenant Ralph Martin of the local sheriff's station. "We've got dozens of miles of forest above us and the water will keep coming down through the canyons for several days."

He described his city as emblematic of the region's recent history.

"Unfortunately, we have a very active emergency operations center," he said. "We've got a lot of experience not only from the earthquake but from the fires, and of course the riots." The anniversary of last year's Northridge earthquake, which took more than 50 lives, falls next Tuesday.

For all the readiness, he said, one aspect of the storm had surprised him.

"I've got to admit that a lot of people were more prepared than we anticipated," he said.



POLITICAL NOTES



Gingrich Met Media Tycoon

WASHINGTON — The new speaker of the House, Newt Gingrich, acknowledged Thursday he met the media tycoon Rupert Murdoch amid an uproar over his \$4.5 million book publishing deal with a firm Mr. Murdoch owns. Spokesmen for Mr. Murdoch and Mr. Gingrich gave differing dates for the meeting. Critics of the Republican speaker suggest the arrangement creates a possible conflict of interest.

Mr. Gingrich's spokesman, Tony Blankley, said the Georgian met Mr. Murdoch on Dec. 28. "It was a 10-minute courtesy call," he said.

But a publicist for the media tycoon said that the men met Nov. 28, before the book deal became public.

"According to Mr. Murdoch, at no time during his meeting with Mr. Gingrich was the subject of the book transaction raised," a statement from Mr. Murdoch's News Corp. said.

The House Democratic whip, David E. Bonior of Michigan, said a special investigator should be named to probe "ethical problems" posed by the meeting. (Reuters)

Mrs. Quayle Fires Fusillade

WASHINGTON — Well, so much for Republican unity and the era of good feelings. With former Vice President Dan Quayle convalescing after having his appendix removed last week, his wife, Marilyn, replaced him at a speech in Hammond, Indiana, and immediately

began sniping at some of Mr. Quayle's likely opponents for the 1996 Republican presidential nomination.

According to an Associated Press account of the lunch, Mrs. Quayle was particularly uncharitable toward Senator Phil Gramm of Texas, who had just won a Louisiana presidential straw poll. "His fund-raising has not met expectations," she was quoted as saying. Mrs. Quayle also said that Mr. Gramm "is not very well thought of in the Senate, even among Republicans themselves."

She dismissed the early organizing efforts by Mr. Gramm and former Education Secretary Lamar Alexander, who will formally announce their candidacies later this winter. She said the two men apparently believe "if they buy up all the good campaign operatives and are able to win the first couple of primaries, they can coast into the convention." (WFP)

Falling Out Over Welfare

WASHINGTON — Negotiations over the future of the nation's welfare programs have been slowed by the emergence of deep philosophical disagreements between Republican governors and Republican members of Congress.

In general, participants in the negotiations said, the governors want the fewest possible restrictions on their use of federal money to help the poor pay for food, shelter, clothing and child care. But the members of Congress say they want to regulate use of the money to alter the behavior of welfare recipients.

The two sides agree that the states should have much more flexibility in

designing and operating welfare programs. They also agree that each state should receive a lump sum of federal money for purposes defined by Washington in only the broadest terms.

But they disagree on many details, including whether states should be allowed to cut their own spending on welfare. "What some of the governors want is for us to put the federal money on a stump in the middle of a forest in the dead of night," said an aide to the new House Republican leaders. (NIT)

Unpopular in the Provinces

WASHINGTON — President Bill Clinton's choice of Senator Christopher J. Dodd to head the Democratic National Committee has set off an open rebellion among some state party leaders who argue that he is too liberal and that he cannot effectively represent the interests of his home state of Connecticut and lead the national party at the same time.

"Some of us have severe reservations with Chris Dodd," said Gary Hinde, chairman of the Delaware Democratic Party. (NIT)

Quote/Unquote

Representative Charles H. Taylor, Republican of North Carolina, a registered forester and tree farmer, referring to a suggestion that National Forest Service lands could be managed more efficiently by an environmental organization: "Some of the things you've been saying make it seem as if you've been smoking a little funny weed somewhere." (WFP)

Away From Politics

• The police captured the third of the five convicted killers who tunneled their way out of a Florida prison last week, leaving two men still on the run. The arrest of Hector Rivas, 32, near central Miami came less than a day after authorities captured his fellow inmate, Florencio Alvarez, 39, at a homeless camp west of the city. A third inmate, Armando Junco, was with Mr. Alvarez and was killed by the police during the capture. (Reuters)

• A Miami bridge tender mistakenly raised a drawbridge while a pregnant woman was walking across and, sitting in his soundproof booth, was unaware of her screams as she dangled 50 feet (15 meters) above the sidewalk. The 25-year-old woman, whose identity

was not released, tumbled to the ground when her strength gave out. She lost the 6-month-old fetus after the fall and remained in critical condition. Triangle Maintenance, the company that operates the bridge for the state, suspended the bridge tender, Willie Barnes, without pay. (AP)

• A small plane attempting an emergency landing crashed into an office building near the Augusta, Georgia, airport, killing all four people on board and critically injuring two people in the building. A Federal Aviation Administration spokeswoman in Atlanta said the plane, a twin-engine Cessna 414, had taken off from Swainsboro, Georgia, en route to Columbia, South Carolina. (AP)

Colombia Denies Big Jets Used in Cocaine Traffic

New York Times Service

BOGOTA — Colombian authorities deny that the Caribbean island of San Andrés serves as a haven for drug traffickers and that big jets are transporting cocaine to Mexico.

A New York Times article this week quoted U.S. officials as saying the Colombian authorities were doing nothing about planes loaded with cocaine taking off from Colombian territory.

It said smugglers were buying old passenger jets, taking out the seats and using the planes to fly huge amounts of the drug into Mexico.

A spokeswoman for the Colombian government said Wednesday that "small planes, not large ones" had been detected leaving San Andrés.

She added that government officials had met on the island last September to discuss drug trafficking.

"It was Defense Minister Fernando Botero who asked the Mexican and United States governments for help," she said.

N.Y. Sends Killer for Oklahoma Execution

New York Times Service

ALBANY, New York — Thomas Grasso, the double-murderer who has demanded to be executed and whose case became an issue in New York's gubernatorial campaign, was transferred Wednesday from New York to Oklahoma to await execution.

Coming 11 days after George E. Pataki took office, Mr. Grasso's extradition fulfilled one of the new Republican governor's top campaign pledges and starkly symbolized the political transformation in Albany.

Oklahoma officials said Mr. Grasso could be executed by lethal injection within 60 days. But the timetable for his execution must be set by Oklahoma's top appellate court, and it could be delayed if legal challenges are filed by outside groups.

Lawyers representing anti-death-penalty groups said, however, that there seemed to be few legal mechanisms to block Mr. Grasso's execution as long as Mr. Grasso maintains his desire to die.

Mr. Pataki, who also has pledged to make New York the 36th state to restore the death penalty, said Mr. Grasso's departure was the fulfillment of a significant campaign promise. Throughout last year's campaign against Mario M. Cuomo, Mr. Pataki used the Grasso case to illustrate the Democratic governor's opposition to the death penalty, even holding a news conference in front of the Staten Island boardhouse where Mr. Grasso killed one of his victims.

"Today we have accomplished what we promised," Mr. Pataki said. "Thomas Grasso will face the death penalty for his brutal crimes."

AIDS Research Focuses on Viral 'Battle'

By Gina Kolata
New York Times Service

NEW YORK — New findings about how the AIDS virus behaves in the body help to explain why all drugs tried until now have been ineffective. And it casts new light on the reaction of the body's immune system to the invader.

Infection by HIV, the human immunodeficiency virus, has been thought of as a gradual process in which the virus acts slowly to undermine the immune system. In fact the virus and the immune system engage in a pitched battle from the very start of infection, according to new findings published Thursday.

Each day millions of virus particles are produced and millions are killed. But the immune system's losses are also staggering, with up to 1 billion infected cells dying and being replaced each day, the new findings show. This battle continues to the end, with the immune system losing just a little ground each day.

The findings come from the laboratories of two top AIDS researchers, Dr. David Ho, director of the Aaron Diamond AIDS Research Center in New York, and Dr. George M. Shaw of the University of Alabama in

Birmingham. They were published in *Nature*, the London-based scientific journal.

One clue that led to the findings was new drugs that all but stop the AIDS virus in its tracks. By giving these drugs to infected patients and measuring how quickly the virus population died and then recovered, the researchers were able to calculate the dynamics of infection more precisely.

The AIDS virus is known to make many slightly different or mutated copies of itself, raising the chances that at least one of these mutations will be resistant to any drug.

The rapid turnover of virus, now known to take place explains why the resistant forms can so quickly predominate in the body after a drug has been

administered. The researchers found that the new drugs could destroy 99 percent of the virus in the body, yet resistant strains of virus appeared within days.

The new picture of an AIDS virus infection, scientists say, means that entire research enterprises have gone down the wrong path.

It also suggests new strategies

for combating the virus: The battle between the immune system and the virus is so close that any drug that weakens the virus and gives the immune system a slight edge might in principle be enough to tip the balance.

"We now have some real values to shoot at to try to make an impact on the disease," Dr. Ho said.



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Future Peacekeeping

United Nations peacekeeping missions have hit hard times. Since the end of the Cold War, the use of lightly armed soldiers to police cease-fires or monitor elections has given way to ambitious attempts to impose peace on hostile forces determined to keep fighting, as in Somalia or Bosnia. The result has been a loss of political support for UN peacekeeping, particularly in Washington.

The Clinton administration now shies away from involvement in operations commanded by an American, so that U.S. troops will not be dependent on others for relief or evacuation as they were in Somalia. Congressional Republicans go further, proposing tight legal restrictions on the use of American forces and opposing participation in the UN force that will soon take over in Haiti, even though it will be commanded by an American.

Rethinking and retrenchment are in order. Last week, UN Secretary-General Boutros Boutros Ghali called for scaled down expectations and more limited missions. But if that can be accomplished, UN peacekeeping can serve American interests and contribute to global peace.

The use of major powers' troops for

enforcement operations under a UN flag, like the British, French and Russians in Bosnia or the Americans in Somalia, has not worked well and should not be repeated. Enforcement missions require the kind of firepower that only major powers can supply, but these powers do not easily subordinate their armies to UN command. There should be a shift back toward more limited objectives like policing cease-fires. These missions should be carried out by specialized forces from smaller and neutral states operating under United Nations command.

When major enforcement missions are clearly warranted, they should be assigned to the armies of major military powers, under Security Council mandate but national combat command. This will be possible only where there is a consensus on the Security Council and where an appropriate country is willing to undertake the mission — for example, the French last year in Rwanda.

UN peacekeeping does what it can do very well. It makes no sense to continue eroding its credibility by asking it to do what it cannot.

— THE NEW YORK TIMES

Tenure in Question

For many years tenure was the great sacred cow of American academia, hailed as the guarantor of academic freedom and long-term institutional stability. Although tenure itself is still solidly rooted in most of higher education, the days of its status as unquestioned good are gone. If a symbol were needed of the moment it ended, it might be Dec. 29, when the eminent Yale literature professor Harold Bloom observed in passing, in answer to a question during an appearance on television, that tenure might better be abolished.

The professor was making not a considered policy proposal but a rhetorical point connected to a question about term limits for government officials. Still, the attention the comment sparked in academic circles reflects a growing unhappiness among not just outside critics of academia but also administrators trying to rein in costs — and, not least, among the hordes of young scholars hopelessly bottlenecked at the bottom of a sluggish moving economy where many fields see only one or two good job openings in the country per year. Professor Bloom is not the only voice that has been heard wondering whether tenure might not be some better way to safeguard the benefits that tenure affords while easing the distorting effect it has on much of the academic economy.

Tenure's current status dates from the post-McCarthy era and was based on fears that professors were uniquely vulnerable to job pressure because of their political views — and uniquely in need of protection so as to be able to pursue their teaching and research free of political interference or reprisal. This idea, in turn, harks back to a much older image, that of the cloistered, monkish scholar pursuing his labors for decades, safely insulated from the pressures of the outside world. The image has its nostalgic appeal, but it is a long way from reality on most campuses these days.

The absence of pressure on tenured scholars to teach or to research, increasingly, non-tenure-track staff who are hired as temporary labor because no permanent jobs are likely to open up. The annual Modern Language Association conference last week was occasion for the venting of that unhappiness among young scholars who complain that they can get only short-term and nomadic teaching work. Schools that move in this direction can often save a great deal of money. Some put the level of such part-timers as high as 40 percent.

Meanwhile, the ivory tower quality of even the tenured population has little in common with the ideal anymore; among some academics, such as those on the faculties of professional schools, it is fashionable as well as profitable to engage heavily in outside consulting work, while the star system makes the most visible scholars skip around in a variety of non-cloistered activities that bring prominence to the school and the department.

As for academic freedom, the much lamented decline in campus civility and the rise in hair-trigger political sensitivity has led to a situation where, once a political storm blows up, tenure does not always afford absolute protection anyway. As the pressure on universities increases and academic life grows less livable, the temptation to reform some of tenure's glaring weaknesses grows. Adjustment should not be seen as an attack on academia from outside but as a way in which academia can reform and renew itself.

— THE WASHINGTON POST

Other Comment

India's Economic Crossroads

Indian reform has reached a critical juncture. The bloom has come off the Chinese investment rose. Broken contracts, unpaid bills and rampant piracy have introduced a new sobriety about this market, and many investors are searching for greener pastures. As the world's second-largest potential giant, India naturally is getting a closer look.

Certainly India has its advantages. The Bombay Stock Exchange has been around for more than a century. The rule of law is well-entrenched, if cumbersome. Indian democracy, moreover, is a rugged creature. Having survived years of assassinations and socialism, it leaves foreign investors in a good position to judge the worst-case political risk. The same cannot be said of China.

The problem is that India has embraced capitalism with only one arm. While Prime Minister P. V. Narasimha Rao defends his economic liberalization policy as "the best option available," Deng Xiaoping enthusiastically declares that "to get rich is glorious." Even though investment was down in China in 1994, it was still some \$27.9 billion — dwarfing the \$4.5 billion India has received since Mr. Rao's reforms began four years ago. Investors will be watching closely to see whether India takes advantage of China's missteps.

— Far Eastern Economic Review (Hong Kong)

The American Burden

One can understand that many Americans feel American money should not

be spent, nor American lives endangered, by accepting the burden that history has thrust upon the United States as the only surviving superpower. Yet Americans now have a second rendezvous with history: to bring peace to the world. This means direct involvement in Bosnia with NATO and the UN. Only when the United States becomes actively involved will the war in Bosnia be stopped — not by martial action but by political and economic means.

We therefore call on Americans to rally behind President Clinton's foreign policy. We dare to call on Americans to vote in 1996 for a president who accepts that America and Europe are united in our world. America must help solve the problems of the free world wherever they occur. But Europe must prove to America that it understands why America assumed this great historic task and must help to carry the burden.

— Yekuiel Hiel Federmann, writing in The Hornet (Jerusalem).

Washington Tightrope Act

Newt Gingrich has promised an era totally different from the past. The latest move to reform the U.S. House of Representatives should be praised. But Republicans will need to seek compromise. And to stop voters drifting away from the Democratic Party, the Clinton administration will have no choice but to accept proposals for smaller government. Meanwhile, if Mr. Clinton tries to gain popularity by placing priority on domestic policies, he will disappoint other countries.

— Yomiuri Shimbun (Tokyo).

Russia's Advance to Normalcy Can Do Without Yeltsin

By Flora Lewis

PARIS — In the earliest, heady days of "glasnost," I asked an ecstatic Russian editor where he wanted change to go. "Wanly," he said with an embarrassed smile. "We want a normal country." Now, nearly a decade later, the Soviet Union and the Communist Party have collapsed. There has been vast change, but Russia is still far from a normal country. Russians are no longer sure what "normal" should mean, and how desirable it is.

Alessandra Stanley of The New York Times reports that the holiday season brought nostalgia among Moscovites for the long, crowded, intensely warm evenings around the kitchen table in the "old days." "When nothing was permitted, only relationships could really flourish," she wrote. Now, many people are better off but they are too busy pursuing careers and enterprise to spend time cultivating friendships. Forgetting the privations, they feel a serious loss.

That should not be surprising. Adversity, danger, fear do sharpen the senses and heighten appreciation of what is good about life. They bind people in a way that opportunity and mundane satisfactions do not. It's why old soldiers feel close when they reminisce.

But the doubts about normality and what it should be show how deep is the

emotional, as well as social, economic and political, trouble for Russians as they go through their painful transformation.

It was always clear that Boris Yeltsin was going to be a transitional figure in a long process already punctuated by spectacular dramas. It is becoming evident that he can't see it through to completion.

The argument over whether he is personally responsible for the policy and the orders that have turned Chechnya into a raging, criminal folly, or whether he has been too weak to resist manipulation by evil advisers, is irrelevant. In one case he is to blame. In the other he serves no useful purpose.

He has lost the confidence of those eager to press ahead with democracy and economic reform. He will never be trusted by those opposed to these ideas, although they may retain him as a figurehead so long as convenient.

Deliberately, as some claim, or by gross miscalculation, the war against Chechnya has set the whole Russian Federation back in vital ways. It has already added a billion dollars, maybe much more, to the heavy budget deficit, endangering agreements with international lenders and investors. Inflation is mounting again.

According to the Russian Research Center at Harvard, careful compilers of the best available information, the economy was still plunging downward in any case, not stabilizing as the optimists believed. Industrial production in the first 10 months of 1994 was down 22 percent from the same period in 1993. Agriculture and cattle stocks are still declining. There has been next to no land reform. Less than 300,000 live on private farms, producing 7 percent of the harvest, and many who tried it on their own have given up.

The major Western countries are standing by their support for Mr. Yeltsin, although it is getting harder for them to swallow and to justify to their publics. Chechnya is not the only issue, although the most flagrant. There is friction on NATO, on ex-Yugoslavia, on Iraq, among others. Already last fall in Budapest, Mr. Yeltsin threatened a "cold peace" in East-West relations.

Just a thought of the Cold War and how much it cost the West (in lives as well as money, wars in Korea, Vietnam, Afghanistan, others fueled by East-West confrontation) makes clear how much is at stake in whether Russia is a democratic, friendly power or not.

As for Chechnya, the precedents of Puerto Rico and Quebec separatism give a hint of how democratic countries

can cope with threats to their territorial integrity. Those are more reasonable comparisons than the unconscionable parallel drawn to America's civil war provoked by slavery.

It may still be possible for Moscow and Grozny to find a tolerable solution, but only after enough time has passed for a cooling of passions. It seems impossible, given his personal fury at defiance, for Boris Yeltsin to be the man to do it.

Grigori Yavlinsky, the young economist who wrote the reform program that Mikhail Gorbachev rejected and who is now head of the opposition Yabloko bloc, has called for Mr. Yeltsin's resignation. It is of the utmost importance at this stage that constitutional procedure be respected. A coup would be disaster.

Under the current constitution, there is no vice president. If Mr. Yeltsin resigns, say, for health reasons, Prime Minister Viktor Chernomyrdin would become acting president, obliged to call elections within three months. Mr. Yeltsin would keep his place in history as Russia's first freely elected president. And he would prove his dedication to patriotism and democracy at a time when his country so badly needs advance to normalcy.

If he waits to be toppled, that hope and more could be broken.

© Flora Lewis

Russia's Behavior, Not Yeltsin's Survival, Is the Main Concern

By William Pfaff

PARIS — Moscow's fiasco in the Caucasus is Washington's as well. The Clinton administration, like the Bush administration before it, has bound the interests and commitments of the United States to the success of Boris Yeltsin's government in Moscow, so that Mr. Yeltsin's failure is necessarily Washington's failure.

It is difficult to understand how Washington can repeatedly make this error of hanging the national interest upon the success of some foreign favorite.

It is a policy of hubris, certainly, expression of a conviction that Washington's support to an individual politician in another country makes a decisive difference for that politician. It is a hubris which holds that the American government has a sufficiently subtle knowledge of the Russian scene to make discriminating judgments among those who have or seek power in there.

And it is a hubris which can, as here, produce the opposite of what it intends. The official Russian government newspaper, Mr. Yeltsin's newspaper, Rossiyskaya Gazeta, wrote last week that

thanks to the controversy over Chechnya, Russia now is "disentangled from Washington's bondage" and free to make itself a superpower again.

American policy was intended to support democracy in Russia. Because Mr. Yeltsin seemed at the moment the most plausible defender of democratic values, the policy was turned into a policy of support for Mr. Yeltsin.

Once the commitment was made, it was continued even when Mr. Yeltsin did things that democrats do not ordinarily do, such as carry out a military assault on the Russian Parliament. It continues now — halfhearted — while the Russian army attacks the citizens of what Russia maintains is one of its component republics.

It obviously is in the interest of America that democracy succeed in Russia. To recognize Mr. Yeltsin as the country's popularly elected leader and a plausible defender of democracy follows from that perception of interest. But Washington's commitment should have been to the values

and institutions of democracy in Russia, whoever the president might be. By making Mr. Yeltsin the focus and principal beneficiary of American policy, the United States committed itself to a man rather than to a value.

Democracy's success in Russia is not in any case the primordial interest of the United States with respect to that country. The principal American concern should be that Russia's international conduct be peaceful, unthreatening, respectful of international law and the international order. That Russia should also be a democracy is all the better, but that is not essential.

Democracies can have constructive and correct relations with countries which are not democracies — a very good thing, since there are a lot more non-democracies than democracies. The argument much heard in Mr. Clinton's Washington (as in neoconservative Washington) that democracy and peace are essentially linked — that you can't have one without the other — is so much cant.

America's concern is with how Russia acts in the world. It doesn't want to be threatened, and its interest is that Russia's neighbors not be made insecure or threatened either, since threats to them could provoke violence into which NATO and the United States could easily be drawn.

One should not exaggerate the danger in the present situation. What has happened in Chechnya has actually brought out a formidable democratic opposition in Russia to what Mr. Yeltsin and his advisers are doing.

The army itself has split; high officers have condemned the attack on Grozny, or refused to take part in it. The press has shown robust independence despite the government's efforts to control it. This episode could prove a triumph for democratic forces in Russia rather than for those of repression, with whom President Yeltsin seems to have linked his future.

Washington must now make it plain that the United States sees its future relations with Russia in terms of how Russia acts. It should make unmistakably plain that it is committed to the integ-

rity of international borders in Europe, and is hostile to any act of international aggression or intimidation of an internationally recognized government.

The United States owes that not only to the Baltic nations and the other recognized states formerly under Soviet domination, but to its own past. America fought the Cold War to obtain all the European nations' independence; it should make plain that this now is a settled outcome, which it will defend.

There are certain advantages in being unspecific about how the West would defend it. However, Washington and the NATO allies need now to make contingency plans among themselves for what they could and should do under imaginable, if as yet improbable, threats to those on Russia's frontiers.

The Russia that comes out of this crisis may be in much better democratic shape than before Mr. Yeltsin's attack on Chechnya. What counts most for the United States, though, is what Russia does.

International Herald Tribune, © Los Angeles Times Syndicate

Mexico's Financial Crisis Is Political, and the Remedy Is Democracy

By Carlos Fuentes

MEXICO CITY — Mexico's financial crisis is really a political crisis.

The economic reasons for the debacle are clear. In the wake of the North American Free Trade Agreement, the Salinas administration opened trade barriers. Imports shot way above exports, until currency reserves dwindled from a high of \$30 billion to a mere \$6 billion, and going fast. The economy became beholden to foreign investment to sustain the peso's value and pay for expanding imports.

But foreign investment was mostly in the stock market and speculation. Only 15 percent was destined for the real economy: building plants, higher employment, higher productivity. As soon as investors realized that the peso's value was supported by nothing real, a crisis of confidence developed. Capital fled. Mexico could no longer pay for its imports, and the peso was devalued.

It is a recurring story. At the end

of each of their six-year terms, Presidents Luis Echeverría Alvarez (1976), José López Portillo (1982) and Miguel de la Madrid (1988) had to devalue, leaving a more impoverished country than they had found. Each man bit the bullet, took harsh measures and sacrificed his popularity so that the incoming president could begin with a clean slate and a measure of hope. President Carlos Salinas broke this golden rule of Mexican politics.

First, in an election year, he postponed the bitter decisions until after the August election. Then his own personal agenda interfered. Mr. Salinas wishes to head the World Trade Organization, successor to GATT, and was worried that an economic crisis at home would bury his candidacy. Ernesto Zedillo, then president-elect, urged him to devalue the peso by mid-November. Mr. Salinas was not swayed, and saddled

the incoming head of state with the burden of devaluation, loss of authority and lack of popularity.

Yet, I insist, the problem is political more than economic. None of this would have happened if two terms that are common in U.S. public law, "accountability" and "checks and balances," also had currency in Mexico. As a matter of fact, they are not even translatable into Spanish.

As Mexico goes from one traumatic succession to another, it is obvious that the vast powers and the margin of discretion of the executive are the root of the problem. The president acts outside the provinces of accountability and without checks and balances.

Furthermore, he governs with an ever smaller circle of friends and "technicians," many of them Ivy League graduates for whom the economy happens on a blackboard, not to real people. These are elite groups more and more

divorced from public opinion, real information and legislative oversight. They promise the Adam Smith definition of economics, the science of human happiness, and end up with Carlyle's pessimistic appraisal: the dismal science.

If we cannot have presidential succession without national trauma in Mexico, it simply means that the system which more or less functioned between 1934 and 1968, offering development and social peace without democratic freedoms, is now over.

It must be replaced by a modern democratic system in tune with the realities of a nation with 90 million people, a diversified economy, a vigorous middle class, an amazing cultural continuity — and 40 million human beings living in poverty.

Mr. Salinas played with the Gorbachev Ghost — if you have economic reform (perestroika) along with political reform (glasnost), you end up like the former U.S.S.R., divided, diminished and on your back.

This bogey should now be dispelled. Mexico must take the decisive step toward full democracy. Its government and parties should meet very soon and reach a contract for Mexico along the lines of the agreements made at the Moncloa Palace, in 1977, which allowed Spain to travel, without shocks, on the road from dictatorship to democracy.

There are 10 commandments for Mexican democracy.

First is electoral reform. This includes the consecration of alternation in power, an independent electoral organism and clear rules on party access to funding and the media. Mexico

cannot go on bleeding itself in post-electoral conflict. Four more articles of democracy in Mexico: a working federalism, a true division of powers, an electoral statute for Mexico City, and the rule of law through reform of the corrupt judiciary.

The media are the sixth. The comedy of errors will never end if television — and Televisa, in particular — neither informs nor criticizes, limiting itself to parroting the presidential line.

The next three are human rights, respect for civil society and its organizations, and reform of security agencies to assure safety at the individual, public and national levels.

Finally, a market economy with a social dimension and balance between the public and private sectors through developing the social sector.

If political reform is at the start of Mexico's solutions, at the end we are back in economics. The contract for Mexico must lead to a greater balance between healthy finances, growing production and higher salaries. We will achieve none of this if the principles of accountability and checks and balances are not forcefully set in place. But we also will not gain anything if the present climate of vengeance against Mr. Salinas is allowed to get out of hand.

Mexico should now devote itself to finding laws, rules of coexistence and tolerance, freedoms and agreements, so that our present troubles shall never come back to haunt us.

Mr. Fuentes, the novelist and poet, contributed this comment to The New York Times Syndicate.

Go for Chemical Disarmament Now

By Ian R. Kenyon

THE HAGUE — Two years ago this Friday in Paris, representatives of 130 states signed the Chemical Weapons Convention. Its aim is to rid the world forever of the horrors of chemical weapons — the blistering mustard gases, as effective in the Iran-Iraq war as in Flanders in World War I, and the even deadlier nerve gases, developed but not used in World War II, which devastated the Kurdish population in the Iraqi city of Halabja in 1988.

The convention, once in force, will create an international organization for the prohibition of Chemical Weapons, or OPCW, charged with supervising the destruction of chemical weapons and related facilities in signatory states. It will also provide an inspection system to ensure that the chemical industry, military or civilian, is not misused for purposes related to chemical weapons.

This is a genuine multilateral agreement, negotiated and concluded among equals, developed and developing countries. It imposes equal obligations on all parties. As such, it sets the standards for others to follow.

So, with the number of signatories to the convention now at 159, where is the problem? It lies in the actions needed to bring the convention into effect.

In international law, the signing of a treaty constitutes an initial statement of intent to be

come bound by it. The more important step is reaffirmation of that intent through ratification by due constitutional process. In most countries this involves parliamentary approval.

In the case of the Chemical Weapons Convention, it will also require legislative or official action to enable the government to implement its provisions — for instance, to collect statistics from private companies or to grant access for inspectors to private property.

The drafters of the convention provided for a minimum of two years between its opening for signature and its entry into force, to allow time for the establishment of the OPCW. They also set a requirement that 65 states should ratify the agreement six months before this could occur.

The two years are up, but by the end of last year only 19 states had filed notice of ratification with the United Nations secretary-general.

Parliamentary processes and bureaucratic preparations are well advanced in other countries. But in several important countries — in particular, the United States and Russia, the only acknowledged possessors of stockpiles of chemical weapons — progress is agonizingly slow and parliamentary atten-

tion focuses on other priorities.

It is vitally important that the additional ratifications be achieved this year. Early action by Russia and the United States, which recently sponsored the negotiation of the convention, and which entered into important bilateral chemical weapons agreements in 1989 and 1990, will be crucial.

Such action needs to include both ratification of the convention and enactment of the 1990 bilateral agreement, the verification provisions of which complement the convention.

While the signing of the convention represented a major step toward eliminating the threat of chemical warfare, the convention must be brought into legal force soon for the world to reap its benefits.

Significant delay would encourage continued proliferation, increase temptation to develop new kinds of chemical weapons, and dissipate the political momentum to ban such weapons. The opportunity exists now to eliminate an entire class of weapons of mass destruction. The international community, led by the United States and Russia, should grasp this opportunity.

The writer is executive secretary of the preparatory commission for the Organization for the Prohibition of Chemical Weapons. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Hypnotic Lecture

NEW YORK — The residents of New Riegel, a small village thirty miles south of Toledo, are greatly excited over the doings of a man calling himself Professor Rock and claiming to be a hypnotist. He went to the village a few weeks ago and announced that he would deliver a lecture. Many of the villagers who had attended his lecture were in the streets afterwards hypnotizing one another. They claim to imagine themselves animals, demons, and even inanimate objects.

1920: The Chief Stays

PARIS — Interesting political questions are raised by M. Poincaré's election as Senator for the Department of the Meuse. Many folk are asking whether the President of the Republic is eligible for election to the Senate. As no law

renders the chief magistrate ineligible, his election is valid. And from the President's letter of thanks to his electors he accepts their mandate. M. Poincaré will continue in office as President of the Republic until his full term has expired and will then proceed to the Senate.

1945: Snow Battle

PARIS — Street-fighting broke out again yesterday (Jan. 12) in Paris but this time it was a city-wide snow battle. The city awoke to find that four inches of snow had fallen, the first heavy fall of the winter and an unusually heavy fall for Paris. The result was an international battle. American forces were the first to enter the winter offensive; French soldiers soon joined in. The air was full of snow missiles. Some time after the war is ended there may be some official statements.

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OPINION

Thinking Outside the Dots
About 1995 in Washington

By E. J. Dionne Jr.

WASHINGTON — Newt Gingrich, management consultant-speak, addressed the House Ways and Means Committee last week on the importance of "thinking outside the dots." This notion is also often rendered as "thinking outside the box." The idea is to encourage people to junk their preconceptions. If you want to change the way the world works, you often have to abandon your ideas about how the world works.

In that spirit, one would do well to consider some heretical thoughts about how Washington will work over the next year. The core principle: Things will be very different in six months. Remember that at the beginning of 1994, President Bill Clinton was high in the polls.

Bear in mind, also, that some of the best counterfactual thinkers in the Republican Party are already sounding cautionary alarms. William Kristol, the smart Republican strategist, theorizes that the Republicans could get into trouble in 1996 if they are seen by voters as being truly in charge of Washington. "We aren't governing yet," Mr. Kristol warns in his latest memo to the party. The danger for Republicans lies in doing anything that would let Mr. Clinton run an anti-Washington campaign against the Republican Congress.

Even if that seems preposterous, consider some other scenarios: • *New Gingrich as an ally of President Clinton.*

Everything Mr. Gingrich says points to a strategy aimed at solidifying Republican control of Congress and the country, which means he wants Mr. Clinton defeated in 1996. It is not that simple because Mr. Gingrich will face difficult choices. He needs to demonstrate that his new majority made some noticeable progress in doing the things it set out to do. If Mr. Clinton sets the pace for enacting a middle-class tax cut as eliminating or gutting a capital gains tax cut, Mr. Gingrich may want to pay it, even if the Senate leader, Bob Dole, does not. Otherwise, Mr. Gingrich would be seen as holding up benefits for the middle class simply to get a capital gains cut that is not high on the priority list of fed-up swing voters. Mr. Gingrich, moreover, has been talking about cooperating with Vice President Al Gore's reinventing government mavens.

There is also what you might call a Freudian-Machiavellian point here: Mr. Gingrich is now the most important Republican in America. Unless he wants to run for president just a year from now — bet against it — he

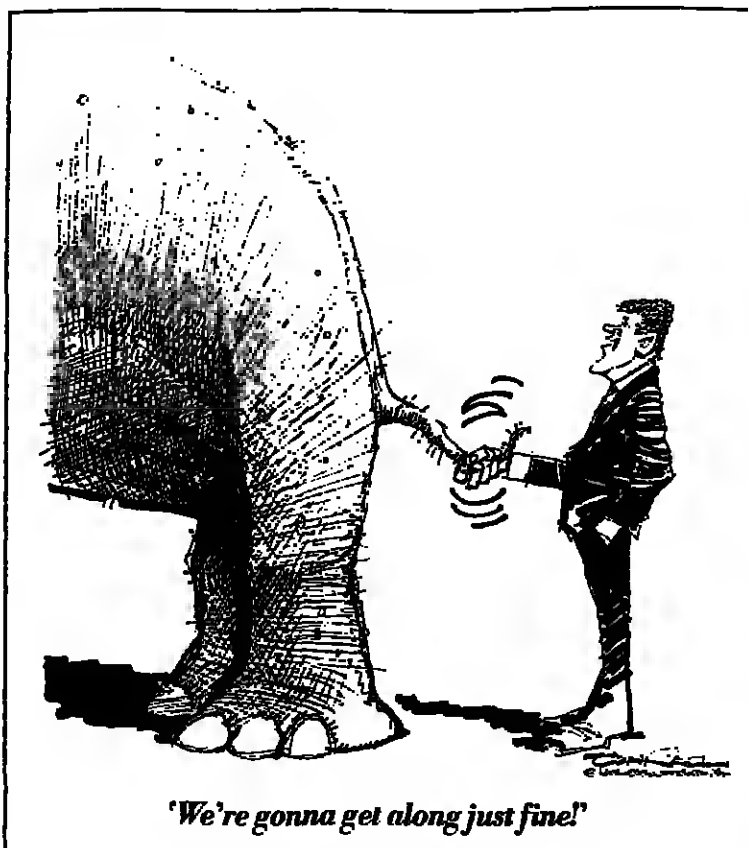
could find himself far less important in 1997 under President Phil Gramm (or Bob Dole or Lamar Alexander).

No, Mr. Gingrich won't try to reelect Mr. Clinton; a Clinton victory could help deprive the Republicans of their congressional majorities. But if conflicts arise between the Republicans' presidential and congressional wings, do you doubt which way Mr. Gingrich will tilt?

• *The inevitable fight between Mr. Clinton and congressional Democrats.*

The flip side of the above is also true: Mr. Clinton's interests will not always be the same as Dick Gephardt's or Tom Daschle's. Leon Panetta, the White House chief of staff, admitted last month that some Clinton initiatives may be easier to pass now that Democrats do not control Congress. That is true: Reshaping programs in the housing and labor fields, for example, will be simpler now that the old arrangements no longer enjoy the protection of Democratic committee and subcommittee chairs. And some in the Clinton circle blame congressional Democrats for November's results as least as bitterly as the folks on Capitol Hill blame the White House.

The dance between the Clintonites and Democrats in Congress will be complicated, of course. Mr. Clinton needs Democratic support to sustain vetoes. Democrats need some unifying points of attack and some unifying proposals if they are to win 22 months from now. Democrats will not retake Congress if Mr. Clinton gets clobbered. Still, each side may have to sell the other out from time to time — and, bolder yet,



'We're gonna get along just fine!'

accept that as political reality.

• *Today's winning issues become tomorrow's losers.*

Health care was the dream issue of 1993, the catastrophe of 1994. Who knows if a modest health reform plan might not be a winner in 1995? Republican obstruction of popular reforms carries a higher price now than it did.

Politically, Bill Kristol was right when he told Republicans to buck the apparent mood and block health reform. Democrats will need to make

similarly gutsy calls on turkeys such as the budget amendment, some of the Republicans' welfare schemes, and extreme "regulatory reform" measures designed to gut environmental and safety regulations.

It is possible, of course, that one side or the other in the coming battles will get its strategy exactly right and force the other into a losing position. But even if you are still inside those dots (or that box), I bet you don't believe that.

The Washington Post

They Sent Up Everything They Had

By Denis Warner

MELBOURNE — As 1945 began and World War II in the Pacific moved toward its climax, the U.S. Joint Chiefs of Staff pondered where to strike next, while the Japanese High Command hunted desperately for any weapon that might halt the American advance.

General Douglas MacArthur's landing at Leyte in October 1944 had installed U.S. forces firmly in the southern Philippines. With his eye on Manila, the general had argued that the next stepping stone on the way to Tokyo should be a landing on the northern Philippine island of Luzon. Admiral Ernest J. King, the U.S. chief of naval operations, preferred Formosa (now Taiwan), to be followed by a landing at Amoy on the Chinese mainland.

Just before the Leyte landing the U.S. joint chiefs instructed General MacArthur to be ready to invade Luzon. Admiral Chester W. Nimitz, U.S. commander in chief for the Pacific, was ordered to prepare to take two Jima and Okinawa.

Meanwhile, something extraordinary, almost surreal, was happening in Japan. Tens of thousands of schoolchildren were put to work to glue pieces of paper together, out of which huge balloons were fashioned to carry incendiary bombs on prevailing winds across the Pacific to the coast of North America. The aim was to cause huge forest fires.

The envelope of the balloons was made of four or five pieces of mulberry paper, each about the thickness of cigarette paper. They were bonded with a paste made of flour. Sections of paper were cemented together to form an almost perfect sphere about 33 feet (11 meters) in diameter. A metal valve with a rubber diaphragm maintained just the right pressure to prevent the balloon from

exploding should it rise too high. A load of incendiary bombs hung on 19 shroud lines, each about 40 feet long, that trailed from the balloon.

From November 1944 to the end of June 1945, more than 160 of these balloons, including three of rubberized silk, were recovered on the U.S.

1945 PACIFIC 1995

mainland, in Hawaii, Canada, Mexico and at sea. Almost 9,000 balloons were launched from Japan in the six months to April 1945. One of the suicide planes, a 500-pound bomb, with a delayed-action fuse, went through the deck to the hangar below, where it exploded. Another bomb penetrated to the second platform deck and went off as an alarm sounded belatedly through the ship.

Every aircraft on the hangar deck was loaded with fuel and bombs. The entire area exploded in flames. An hour after the Omani Bay had been hit, torpedoes it was carrying also exploded, raining debris on a destroyer picking up burned and wounded men from the sea.

To prevent what was left of the Omani Bay from becoming a beacon for other suicide planes, the ship was deliberately sunk by torpedo. The human losses: 93 killed and missing, and 65 wounded.

For the next two days, kamikazes rained down on the Allied force, inflicting heavy damage and losses on nine ships, including the U.S. battleship New Mexico. Many other allied vessels suffered lesser damage and casualties. Lieutenant General Herbert Lumsden, Churchill's personal liaison officer at General MacArthur's headquarters, was killed with Captain R.W. Fleming, the commanding officer, when the New Mexico was hit on Jan. 6. One of Australia's largest warships, the heavy cruiser Australia, was hit repeatedly by kamikazes and forced to retire.

Shock and dismay spread through the Allied amphibious force, prompting Rear Admiral Jess B. Oldendorf, fresh from his brilliant success against the Japanese fleet in the battle of Leyte Gulf, to recommend that the Luzon invasion be reconsidered. However, fortune then smiled on the Allies. With success in his grasp, the Japanese Navy in the Philippines ran out of planes. The remaining suicide pilots, with nothing left to fly, took to the hills to fight as infantry.

The writer, who covered the war in the Pacific for Australian and British newspapers, is co-author with Peggy Warner of "The Sacred Warriors, Japan's Suicide Legions." He contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

Remember Auschwitz

Jan. 27 marks the 50th anniversary of the liberation of Auschwitz. As a small memorial to the millions of people exterminated there, and of the way they were transported to their deaths, could we not put up signposts every 100 kilometers along the principal railway lines that took them there?

It would be good to have many such signposts in place by the year 2000 to remind us, amid our millennial celebrations, that it was Christian indifference, if not prejudice, that allowed the Holocaust to happen.

It would also be good if, by the year 2000, Jan. 27 became a European-wide day of Holocaust remembrance. In addition to the liberation of Auschwitz, Jan. 27 marks the raising in 1944

of the siege of Leningrad, during which nearly a million people died from shelling or starvation.

RAYMOND LLOYD, London.

A Tree Burns in Alsace

The People column of Dec. 28 reports the setting afire of Christmas trees at Rockefeller Center in New York and says that no such custom "has been discovered" in France. Last June, the David Brown group, of which I am a director, purchased a firm in the Alsasian city of Thann. Our chief executive, Chris Brown, attended Thann's annual festival, which commemorates the sighting of the "miraculous" burning of three pine trees by the local patron saint. The festival is called La Crémation des Sapins, and the burning of pine trees is, in fact, part of the celebration.

JOHN C. MOWINCKEL, London.

Pushing Back Hudson Bay

Regarding "American Heritage — Gift" (Nov. 9) by Fred Barbash:

This report was unclear about the Hudson's Bay Company. It was founded in the 17th century, 1670, and did not begin the continent's international fur trade, but exploited it.

BRAD WRIGHT, St.-Cloud, France.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

THE BLACK BOOK

By Orhan Pamuk. Translated from Turkish by Guneli Gun. 400 pages. \$25. Farrar, Straus & Giroux.

Reviewed by Richard Eder

IN "The Black Book," Orhan Pamuk's braided mysteries coil around the story of a plodding bushead who searches for his restless wife through Istanbul's serpentine streets and historical memory. Once it was the Ottoman Empire's Constantinople and before that, the Byzantine Empire's, and long before that, the ancient Greek Byzantium.

For Pamuk, author of the warmly praised "The White Castle," the city is a suffocating muddle of 2,000 years of temporary victories and permanent defeat. Pamuk writes of the defeat. His philosophical detective story is an evocation of the crippled consciousness and destructive reflexes of his fellow Turks: heirs of a traditional Eastern society, and engaged for three-quarters of a century in a Westernizing project that still has not taken root.

Elaborated with a dizzying

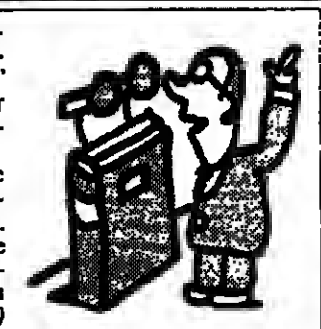
WHAT THEY'RE READING

• Carlos Falcó, Spain's Marqués de Gálvez, is reading, "España, La Segunda Transición," by José María Aznar, the leader of Spain's main conservative opposition political party.

"Some of the problems are common to European democracies, others intrinsically Spanish. They are exposed, along with the proposed solutions, in a clear-cut, old Castilian yet modern style." (Al Goodman, IHT)

wealth of discursiveness, distraction and literary baiting and switching, it often bogs down under its own abundance. It will dazzle and then, with an effect akin to snow-blindness, it goes indistinct. It disappears into its own virtuosity and reappears. It remains distant from the reader like someone who talks fast and well and doesn't look you in the eye, and suddenly, with disconcerting effect, looks you in the eye. It is a trying book and worth trying.

Galip's quest is partly human and mostly allegorical. He is an undistinguished lawyer desperately in love with Ruya, his long-haired, long-legged cousin



tarily comes down to earth, as it were, and lets himself grieve.

There is a bravura chapter in which Jelal writes of the Bosphorus drained, and sedimentary layers of history turning up in the pestilential muck. There are the skeletons of galley slaves chained to their boats, the skeletons of crusaders atop their skeleton horses, sackfuls of the sultan's courtiers fallen out of favor, strangled and ditched, an entire German battleship and a white Cadillac belonging to a rich gangster.

To be oneself, to reject outside influences: a national obsession that, for Pamuk, leads nowhere. Galip, however, illustrates an opposite national obsession. He wants only to be someone else; he wants only to be the powerful and glamorous Jelal, free of narrow Turkish prejudices and sought out by foreign journalists and television teams as their sophisticated interlocutor. He wants above all to have the power that Jelal wields: to control the universe by writing about it. By the end, he has to let intentions and purposes become Jelal. As for the real Jelal: Before a mysterious ambush that claims his and Ruya's lives, he has shown signs of abdicating his power and seeking something more authentic.

What that will be, this intriguing, overnourished and maddeningly private attempt at a public novel, doesn't say. All we have to hold on to, at the end, is Galip remembering Ruya and the game they once played. They would try to describe what a day would be like when they reached the age of 73. Now, alone, Galip lives out that day in his imagination.

Richard Eder is on the staff of the Los Angeles Times.

BRIDGE

By Alan Truscott

PLAYERS often fail to realize that a minor-suit game in a 4-4 fit may be the right contract if three no-trump is unattractive and there is no major-suit fit. The diagrammed example, noted and analyzed by the Rev. Caxton Doggett makes this point.

If South is able to open one heart, he may have an uninterrupted run to five diamonds, as shown. He ruffs the spade lead, and uses dummy's heart entries to ruff two more spades. He then cashes the club ace, ruffs a club, and reached this position:

NORTH
♠ 987
♥ 7
♦ Q 198
♣ 5

EAST
♠ 653
♥ 108
♦ Q 108
♣ Q 108

WEST
♠ 987
♥ 7
♦ Q 198
♣ 5

EAST
♠ 653
♥ 108
♦ Q 108
♣ Q 108

West leads the spade king.

club, South ruffs, cashes the club king and ruffs a club. Then a spade lead endplays East for an overtrick.

If East ruffs the spade lead, South can make the same overtrick, whether or not he overruffs, since dummy has spade winners.

NORTH
♠ 987
♥ 7
♦ Q 198
♣ 5

EAST
♠ 653
♥ 108
♦ Q 108
♣ Q 108

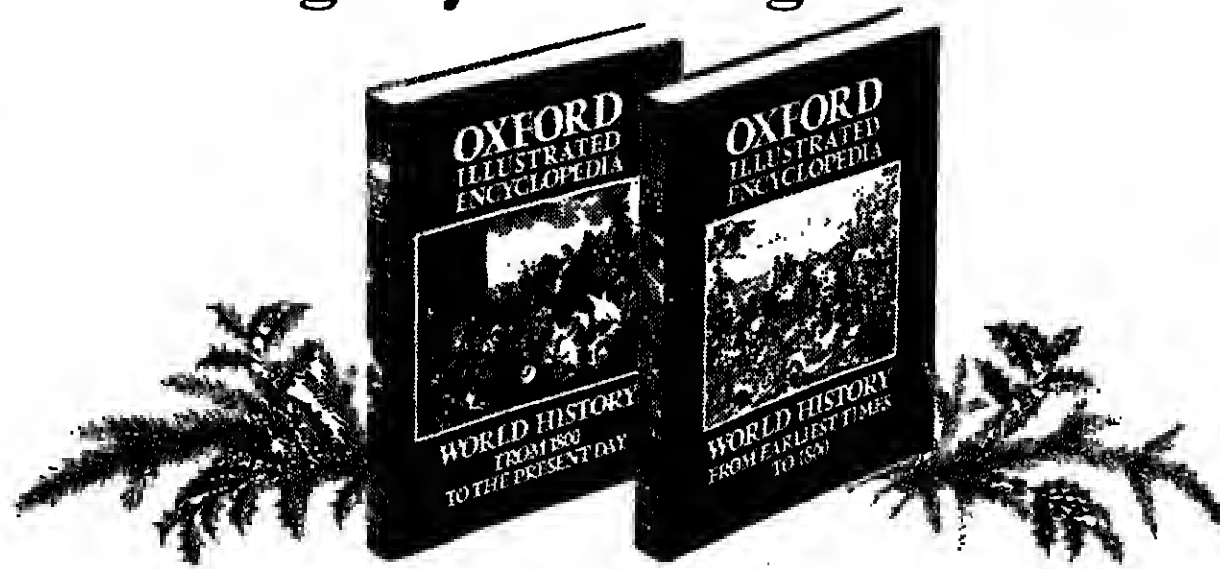
WEST
♠ 987
♥ 7
♦ Q 198
♣ 5

EAST
♠ 653
♥ 108
♦ Q 108
♣ Q 108

West leads the spade king.

West leads the spade king.

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Herald Tribune

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The Rare and the Raw In Bangkok Market

In the Chatuchak's Teeming Maze,
You Can Buy, and See, Anything

By Andrew Ranard

BANGKOK — It is most rare. Nothing makes sense in Bangkok, nor is anything supposed to make sense, and this both rattles and engages the fumes of imagination. It is not impossible to see hill-tribe people from northern Thailand bringing their wares to market in Bangkok on the backs of elephants, the creatures lumbering through rush-bour traffic down Sukhumvit Road, a main thoroughfare. And then there's that prophetic story about the Bangkok city cop who lost his senses during one of the city's traffic jams and began dancing in the middle of the street.

What to call the Chatuchak Market? It's an outdoor-indoor market, but it is also an outdoor-whirlpool of the city's classes and tastes — its vulgarities and refinements, its tide of fascinations, its ultimate indifference, and its sacrosanct niches of respect. At Chatuchak almost anything can be purchased: from pots and pans to Bangkok's ubiquitous pirated tapes; from watercolors to Doberman pinschers; from faded American Levi's (or so claimed) to Romanesque nude statues. There are shops that sell portraits of royalty and famous monks and others where tree stumps and old wooden wagon wheels (decoration for the garden) are thrown together in a jungle pile all the way to the ceilings.

You cannot see all of Chatuchak in one day. It is a maze of 6,000 tiny shops in a grid of alleys under tents, winding into knots, like a neighborhood of the city unto itself, even though it is open only on Saturdays and Sundays. Thus, if there were a method to doing Chatuchak, to conquering it in one outing, it would mean walking round and round in dizzying circles, and seeing half of it three or four times. Chatuchak remains the Himalaya of marketplaces — unconquered, never completely discovered, exhilarating and potentially treacherous.

What you discover on any weekend is determined by luck and accident. The crowds of 100,000, the policemen with sidearms and the long-haired toughs in sunglasses and camouflage outfits will be there next week, but will the beggar praying to the gnarled tree that sits at the edge of the warren? You may run across the Prince of Hawks — the guy who wears a cut-off T-shirt, a bandanna around his forehead and stands on a table above the crowd, dancing to heavy rock and flinging shirts at \$4 a whack.

But what about the madwoman?

The madwoman jumps off a van Gogh canvas, from his early dark years when he did those portraits of Dutch peasants. Her skin is the texture of baked leather, her jaws are heavy, her eyes dance a rhapsody of swirling merriment. In her sorcerer's hands, she holds a small wild squirrel. The animal has sharp vicious

teeth, and she reaches into its mouth with nail clippers and with lightning-quick feline snips off its teeth. She hands the hooded animal to a customer. Proudly. The eyes keep dancing, to a symphony only she can hear.

Later, I jostle into a man who has a snake wrapped around his arm — a black one with red circles around it — right there in the middle of the swarming crowd. Is he selling it or showing off? Around the corner from him is the shop that sells endangered species.

A sign on the shop reads like a threat: "No Photo. No Video." The owner is selling snakes from Africa and Argentina (a python), rare birds and a star tortoise from Sri Lanka. A blue and yellow macaw is going for 30,000 baht (about \$1,200) and the star tortoise is 1,200 baht.

"Why so cheap?" I ask of the star tortoise.

"Not so rare," the owner says.

It is difficult to feel outrage. One comes to Chatuchak, after all, to witness the rare, in the wildest and most untamed metropolis of Asia.

To one end of the market, there are two cafés. One is air-conditioned. It is as if somebody had decided to open up a McDonald's or a Tiffany's here. In the air-conditioned café, Thai oldie-but-goldie record album covers are tacked to the wall, and in the other café, old company advertising signs hang from the ceiling: Schlager tools, Karpal car polish, Toyota tires, Kingfisher cigarettes.

It is here, in the two cafés, that one finds Bangkok's rarest of classes, rare in the sense of snobbery, the young bourgeoisie, wearing faded old Levi's, sipping coffee and tea. It doesn't make sense, but that doesn't mean one doesn't yearn for revelation. How would Renoir have rendered this scene?

Andrew Ranard writes at large from Southeast Asia.

Art for Children, on the Road

By Kate Singleton

SARMEDE, Italy — The long dark evenings of winter once hummed and crackled with the doings of heaky witches, fat slob ogres, princes (good and bad), princesses (always good and often sad: no wonder Prince Charles elicits less sympathy than Princess Di), magic fish, dwarfs, minstrels, swans, peacocks, gulls, cats, mice. Such are the creatures that have populated children's tales since time immemorial.

Until the spread of TV, you say with a sigh as you try to turn the volume down over your transfixed offspring's heads so that you can hear what you're reading. Despite the spread of TV, a chorus of voices would chant gleefully from the tiny fairy-tale town of Sarmede, tucked in among the mountains north of Treviso. And herein lies a small secular miracle of the sort children's stories are usually about.

In the space of a decade Sarmede has become the international center for illustrators specializing in children's books and the source of an exhibition that visits many major European cities, attracting parents and children.

This is largely due to the ideas and enthusiasm of Stepan Zavrel, a Prague-born illustrator long resident at Sarmede

who got the first exhibition off the ground in 1983. Soon the IBBY (International Board on Books for Young People) and Unicef were involved, along with a research group from the University of Padua specializing in children's literature. By 1989 a sponsor had come forward (Stefanel, the clothing manufacturer), and two years later the exhibitions began to tour. Meanwhile, a summer school for children's book illustrators has brought aspiring artists and fable-tellers to Sarmede from all over the world, giving new impulse to ancient traditions and promoting future generations of, yes, literacy, no less.

The 12th edition of "Le Immagini della Fantasia" (Images of Fantasy) is about to leave Sarmede for Treviso (Casa dei Carraresi, Jan. 27-Feb. 26). From there it will go to Ljubljana and then to Essen, the first stop in a long international itinerary that often includes workshops for children.

This year the exhibition comprises a general section featuring the works of artists from central and western Europe, Canada and South Africa. The variety of subject matter and techniques illustrated (from extraordinarily versatile use of watercolor to tempera, acrylics, engravings, collage) is truly remarkable.

This is also encouragingly true in the second section of the exhibition, devoted

to the work of artists from China, Japan, Taiwan and Vietnam. Not so many years ago local artistic traditions in these countries were practically smothered by imported stereotypes of largely American origin. This is clearly no longer so. Even the tales told speak for renewed pride and interest in a local heritage. To wit: The paintings on silk by Le Lam of Vietnam to illustrate "King of Mice," the dynamism of his warrior figures and fiery horses; or the tortoiseshell and bright swirling fish painted in tempera by Feng Jiannan of China.

The third section of the show is a homage to the work of Firuzeh Golmohammadi, the Iranian artist who is considered to be the foremost interpreter of the current renaissance in Persian miniature painting.

FOR many years she directed the magazine Zan-e Rooz (Woman Today) and is clearly a person of remarkable vision and ability in handling detail. There is a magnificent royal procession painted using a mixture of different techniques that embodies all her singular gifts. It is an illustration for the tale of "The Jackal who fell into the paint vat" and features haldachin bearers, mounted and foot soldiers, dignitaries and trumpeters, all of whom emerge from an



almost damasked background. Without actually having to specify the richness of their attire, the artist thus manages to conjure up the impression of splendid Middle Eastern textiles.

The technique of suggesting detail rather than defining it is a particularly subtle one since it leaves so much space for active involvement on the part of the beholder. Children are thus able to develop and enjoy the fruits of their own imaginations. And so are adults. Which is what the Sarmede event is all about.

Kate Singleton lives in Italy and writes frequently on cultural affairs.

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THE HOTEL GUIDE

Consentement Mutuel

Directed by Bernard Stora.
France.
Jeanne (Anne Brochet) and
Romain (Richard Berry) live
in a bright blue-and-white
apartment with their daughter
(Adrienne Winling) who
is 10 years old, like the mar-
riage. The opening scene
shows the ideal setting dis-
rupted by the couple's clash
and split. For a while it looks

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Little Women

Directed by Gillian Armstrong.
U.S.
"Some books are so familiar
reading them is like being
home again." Jo March ob-
serves in the new film version
of Louisa May Alcott's classic
novel. She's talking about
Shakespeare, but we all know
"Little Women" is a book
like that, one of the most se-
lectively nostalgic novels
any child ever discovers. As
the gold standard for Ameri-
can girlhood, it lingers in our

collective consciousness as a
wistful, inspiring memory.
Ladies, get out your hand-
kerchiefs for the loveliest
of the loveliest "Little Women"
ever on screen. Gillian Arm-
strong's enchanting pretty
film is so potent that it
prompts a rush of recogni-
tion from the opening frame.
There in Concord, Massa-
chusetts, are the March girls
and their noble Marmee,
gathered around the hearth
for a heart-rendingly quaint
Christmas Eve. Staring up a
flurry of familial warmth,
Armstrong instantly demon-
strates that she has caught
the essence of this book's
sweetness and cast her film
uncannily well, finding spar-
kling young actresses who are
exactly right for their famous
roles: Winona Ryder as Jo,
Kirsten Dunst as Amy, Trini
Alvarado as Meg and Claire
Danes as Beth. The effect is
magical. And for all its un-
imaginable innocence, the
story has a touching natural-
ness this time. The direction
by Armstrong, who long ago
summoned memories of "Lit-
tle Women" with "My Bril-
liant Career" (1978), is senti-
mental without being saccharine,
and she reinvents
"Little Women" for present-
day audiences without ever
forgetting it's a story with a
past. (Janet Maslin, NYT)

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La Reina de la Noche

Directed by Arturo Ripstein.
Mexico.
For those who think that life
passes by too quickly, this
film is the perfect antidote.

It moves at such an excruciat-
ingly slow pace that one
can't be faulted for wonder-
ing if the tormented protagon-
ist will ever find peace
and the movie will end. (It
finally does, after 117 min-
utes.) Slow films can be
magnificent, but not with a
script like the one written by
Paz Alicia Garcia Diego.
The opening credit says the
plot is the "imaginary biog-
raphy" of the sentimental
life of Lucha Reyes, who was
a popular singer in Mexico
City in the '40s. The fantasy
might be credible if it en-
gaged the viewer with dia-
logue or emotion, but in-
stead the sad tale of a singer
hopelessly seeking love, or
perhaps just thrills, goes no-
where. The singer's domi-
neering mother and the other
characters lack enough of
an edge in all the key mo-
ments. The action too often
consists of the cast smoking
cigarettes, and the occasion-
al cigar. Arturo Ripstein
manages to squeeze in a few
unusual scenes, like the cele-
bration between the cele-
brated singer and her boyfriend
on a cabaret piano. The key-
board hangs out minge-
chords under the weight of
passion. But the director
goes overboard on moody
sequences shot with mirrors.
(Al Goodman, IHT)

THE ARTS GUIDE

Spending an Evening in Provence

By Patricia Wells
International Herald Tribune

PARIS—The French bistro of the '90s has secured its place in modern history, as casual dining, value and a cuisine with a Provencal-Italian accent take center stage. The best example of the trend is Bastide Odéon, a five-month-old family restaurant just steps from the Place de l'Odéon.

While the plain, low-budget decor—a simple attempt to camouflage an old, worn-out dining room—does little to inspire, neither does it get in the way of pleasurable dining. And of that you're all but assured under the able hands of Laurence and Gilles Ajoules; Gilles, the chef, has worked with both Michel Rostang and Jacques Maximin.

The formula menu follows the current French vogue, with a two-course 135-franc (\$25) menu at lunch, and a three-course 175-franc one at dinner.

While one may think that some of chef Ajoules's combinations would shock the palate, they're obviously well thought out, for they go down very easily. I was in the mood for fresh sardines but wasn't sure I'd like goat cheese alongside. Wrong. His combination of sparkling fresh sardines, marinated ever so lightly in an acid-oil base and paired with dollops of delicate, fresh goat cheese, proved a refreshing starter.

Equally delicious and equally surprising was his mold of baked, caramelized endive tossed with a touch of goat cheese

—a warm, cozy first course that exemplifies a modern chef's treatment of Belgian endive, one of northern Europe's most successful winter vegetables.

It would be hard to improve upon his simple roast chicken, paired with earthy charlotte potatoes and perfectly roasted cloves of garlic in their skins. With its gorgeous golden skin, the chicken was moist, tender and flavorful and an ideal match for the garlic, cooked to perfection—neither undercooked and indigestible, nor burnt and bitter, as is so often the case.

The menu shows that the Ajoules are in touch with the modern diner, who wants pasta available at every possible moment. One can choose from a quartet of pastas, substituting them for either the first or main course. The penne with artichokes and Nipocis olives was a bit on the timid side, but satisfying nonetheless, with pasta bathed in a light tomato sauce and a shaving of Parmesan, which melted into a soothing cloud atop the oodles.

Desserts are equally successful, with pears poached in cassis and topped with a dollop of whipped mascarpone cream; and a pairing of a giant *sablé* cookie, soft moist quince and an apple-cinnamon sauce.

Worthy southern French winemakers are well represented on the brief wine list, which includes Alain Graillet's white Hermitage at 148 francs; Domaine du Mas Blanc rouge from Collioure at 126 francs; and a seldom-seen Coteaux du Tricastin from Ludovic Cornillon, who produces a meaty 1992 red, a bargain at 88 francs.

A far less successful journey to Provence can be had via the route of Le Sud, another new restaurant that presumes we'd all rather be wandering through fields of lavender. With a flashy, ebullient decor that would make even Van Gogh don sunglasses, Le Sud looks more like a stage set for a Pagnol movie than a restaurant. The elements are right—live olive trees, beautiful multi-toned tiles, colorful Provencal furniture, linens and tableware—but the result is overpowering.

THE food is mediocre. There's a formulaic look and taste to it all, with that rigid, "I just came out of the fridge" flavor. The young and chic crowd seems to love it, from the strange combination of warm ratatouille paired with cold red and green vinegary peppers, to the successful lamb daube, and on to fresh cod that did not taste as though it had been cooked to order, topped with tapenade and paired with "fries" fashioned of zucchini and eggplant. The wine list is minimal, with a decent red Coteaux du Gard, Domaine Cassagne Trier 1993, at 110 francs.

Bastide Odéon, 7 Rue Cornille, Paris 6; tel. 43.26.03.65. Closed Sunday lunch and Sunday. Credit cards: Visa, 135-franc menu at lunch, 175 francs at dinner.

Le Sud, 91 Boulevard Gouvion-Saint-Cyr, Paris 17; tel. 45.74.02.77. Closed Sunday. Credit cards: American Express, Diners Club, MasterCard, Visa. A la carte, 130 to 200 francs, including service but not wine.

Plunging Into Cacophony of Cairo

By Chris Hedges
New York Times Service

CAIRO—Cairo, a dusty, throbbing metropolis of 14 million people, is the cultural and artistic center of the Middle East, known to many as *Um al Dunya*—Mother of the World. Its coffeehouses, theaters and Pharaonic sites draw tens of thousands of visitors a year, many of whom go on to Upper Egypt to view the ancient monuments in Luxor and Aswan. This is the best time of the year to visit Cairo, when the city is cool and areas in the south warm.

Attacks by Muslim militants in the last two years have crippled tourism, which is only beginning to recover this season. A government crackdown, which has included the execution of several militant leaders, has improved security in Cairo. Tourists who visit the Pharaonic sites in Upper Egypt are widely urged to avoid Nile cruises that travel between Cairo and Luxor. The cruises between Luxor and Aswan are, however, considered secure. Bus travel through villages and small towns is another mode of transport that is commonly targeted by militants. One should still fly from Cairo to the southern sites.

To appreciate Cairo one must plunge in, embrace the cacophony and confusion with the gusto of an explorer. There are hundreds of nooks and crannies to visit. Like New York, Cairo is often at its best late at night. The most famous belly dancers, for example, do not even step on stage until after midnight.

Egyptians are a warm, patient people who, despite overcrowding and poverty, rarely engage in violent crime. One can always get directions or other assistance. And if the city becomes too overwhelming, try renting a boat and watching it from the tranquility of the Nile.

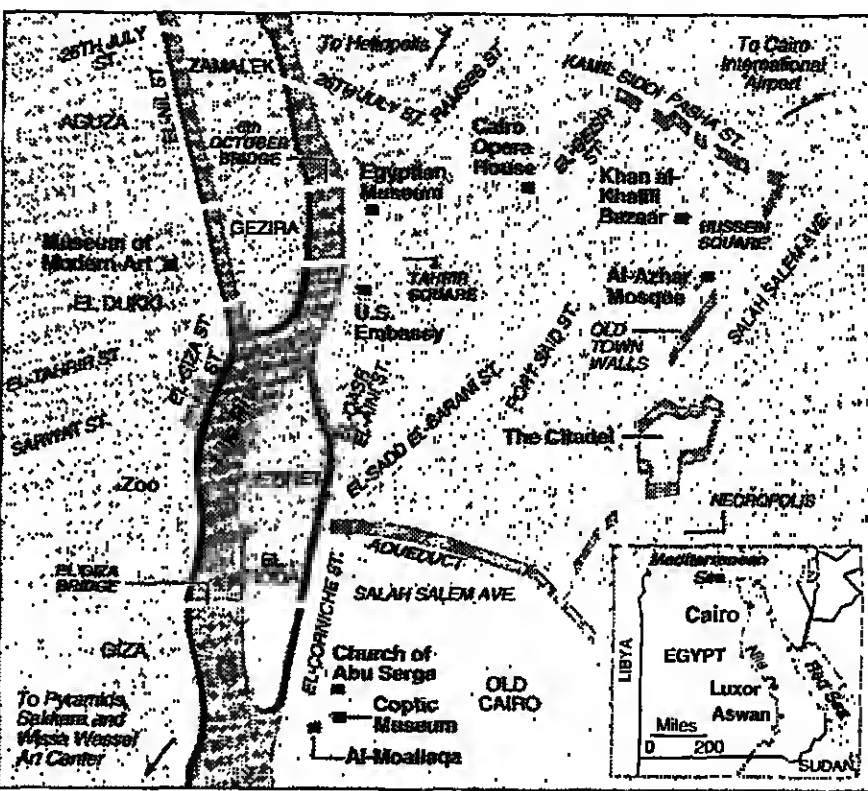
It is wise to dress conservatively in Cairo, especially with the rise of Islamic fundamentalism. Women should wear long skirts and long sleeves, and men should avoid wearing shorts or tank tops. And nearly everyone from the belly dancer to the clerk carrying your bag to the taxi will expect a tip (rarely more than a dollar).

Places in Egypt, Egypt Today and Cairo's Guide, available at newsstands and hotel bookshops, list events and places to visit. One of the best guides is "Nagel's Encyclopedia Guide: Egypt."

THE Cairo Symphony Orchestra will feature music by Nikolai Rimsky-Korsakov at the Cairo Opera House on Jan. 27. The performance will include the "Russian Easter Overture," "Capriccio Espagnol" and "Scheherazade." On Jan. 30, the orchestra will perform "Scheherazade" and Benjamin Britten's "Young Person's Guide to the Orchestra." Tickets are about \$140 to \$750, calculated at a rate of 3.3 Egyptian pounds to \$1. For information, call 342-0603. (The dialing code for Egypt is 20; the city code for Cairo is 2.) Performances begin at 8 P.M. On Jan. 28, 29 and 31 at the opera house, the Cairo Opera Company will perform "La Bohème." Tickets \$140 to \$750.

An exhibition featuring artists from 48 countries—including France, Spain, Italy, the United States, Argentina and South Africa—will be held through March 15 at the Center of Art in Zamalek, the corner of 26th of July Street and Maad al Swissi Street. Free. 340-8211.

The Egyptian Museum is the jewel of



Cairo museums. It is on the edge of central Tahrir Square beside the Nile Hilton Hotel. The century-old sandstone building is home to the world's largest collection of Pharaonic artifacts, including the treasures of Tutankhamen. Many of the old, high-valued rooms are crisscrossed with objects that are haphazardly displayed. But renovations, especially in the Tutankhamen wing and in the rooms with the mummies, have begun to thrust the old museum into the modern era.

The entrance fee is \$3 with an additional \$3 fee for a still camera. Video cameras are prohibited. 754-267, 760-390.

Visitors who want to see the pristine beauty of the pyramids of Giza on the outskirts of Cairo should approach them by horseback, especially at dawn. Come up to the pyramids from behind, through the desert, and you can avoid the noise and clutter that surrounds the structures at the city's edge. Take a taxi from Tahrir Square to the stables a mile past the Sphinx (about \$4.50). Contact MG Stables, horses range from thoroughbreds to heggard trail mounts. Call Mohammed Ghumem, the owner, at 385-1241 or 385-3832.

Each night there is a sound-and-light show at the pyramids in six languages. The English show is featured every evening at 6:30 and at 7:30 on Thursday. To confirm the schedule: 385-2880. Entrance fee is about \$5.50.

Just three miles from the pyramids, along the road to Sakara, is the palm-lined Wissa Wassef Art Center, where artists from nearby Harrania village weave colorful, detailed wool and cotton tapestries depicting life in rural Egypt. Wool tapestries, which can be as small as a place mat or as large as a living room wall, are sold for \$15 to \$600, depending on the size and amount of work involved, and pottery for anywhere from \$4 to \$60. Brightly colored batik, also priced according to the size and intricacy of design, costs \$2 to \$90. Free. 855-0403.

The imposing Citadel, begun in the 12th century, was the fortress home of the Mam-

luk sultan and later the Turkish governors. Muhammad Ali, viceroy for the Ottoman Sultan, invited 470 Mamluks there for a celebration in 1811, locked the gates and had them massacred, breaking the power of the Mamluks in Egypt. Admission about \$4.25.

Egypt's oldest Coptic churches are in the southern district of Old Cairo within the walls of the partly preserved Roman fortress of Babylon. The Abu Serga (St. Sergius) church off Mari Gerges Street, dating from the fourth to fifth century, is where Joseph, Mary and Jesus are popularly believed to have stayed after fleeing Herod's troops for the safety of Egypt. Free. 362-6987.

The earliest known Christian church in Egypt is the nearby al-Moallaqa, or "hanging church," founded in the fourth century and dedicated to the Virgin. It sits on the bastions flanking the southwest gate of the fortress of Babylon. It has earned the name because of its precarious perch over open foundations below the structure. Free admission. 363-6305.

A few alleys away is the Ben Ezra Synagogue, which contains documents of ancient Jewish life such as a Torah on gazelle skin (fifth century B.C.) and a medieval manuscript known as the "Atlas of Moses." Free admission.

TO get a taste of Islamic Cairo, visit the al-Azhar, or "most blooming" mosque, in Hussein Square on the edge of the Khan al-Khalili bazaar. Built in 972, it is the world's oldest university and the Islamic world's most prominent theological seminary. Admission \$2.

Belly dancing is as much a part of Egypt as the Nile. Fifi Abdou, one of Egypt's best, performs nightly except Wednesday at the Layaleen nightclub, usually around midnight. Make reservations at least one day in advance. The \$35 price also covers ketchab, chicken and mezza. Al-Gezira Sheraton Hotel, Towers and Casino, level 3. South tip of Gezira island; 341-1333.

AUSTRIA

Vienna
Kunsthistorisches Museum, tel. (1) 52-177-404, open daily. To Jan. 29: "Ägypten—Ägypten und das Abendland." Emphasizes the influence of ancient Egyptian art on 18th- and 19th-century European Art and Design.

BELGIUM

Antwerp and Ghent
De Vismasse Opera, tel. (3) 233-66-85 (Antwerp) and (9) 225-24-25 (Ghent). Gouda's "Roméo et Juliette." Directed by Nicolas Joël, conducted by Cyril Dieckrich, with Mary Mills, Marie-Ange Todorovitch and Gregory Kunde. In Ghent Jan. 27, 29 and Feb. 2, in Antwerp Feb. 9, 11 and 17.

BRUSSELS

Musée Royal de l'Armée, tel. (2) 733-4463, closed Monday. To May 14: "J'avis 20 ans en 1945." In commemoration of the 50th anniversary of the liberation of Belgium, this exhibition displays memorabilia, historical documents and films to honor those that fought and died in World War II.

BRITAIN

Edinburgh
Scottish National Portrait Gallery, tel. (31) 332-2266, open daily. Continuing/To Feb. 28: "Sir James Gurney." Features formal and intimate portraits, as well as oil sketches of beach scenes and contemporary life, by the Glaswegian artist.

LONDON

British Library, tel. (71) 323-7111, open daily. Let there be Light: William Tyndale and the Making of the English Bible. To Feb. 19: In commemoration of the 500th anniversary of the birth of William Tyndale, this exhibition traces the life and work of the first man to translate and print the Bible in English.

British Museum, tel. (71) 323-8525, open daily. Recently opened permanent gallery dedicated to the art and culture of ancient Mexico. Features exhibits from more than 3,000 years of pre-Hispanic history, including the Olmec, Mayan, and Aztec periods.

Royal Opera House at Covent Garden, tel. (71) 240-1086. Mozart's "Così fan tutte." Directed by Jonathan Miller, conducted by Evelyn Podo, with Tim Blazdell, Jackie Galloway, Andrew Jameson and Colin Macell, Jan. 18, 23, 25, 26, and 31.

Tate Gallery, tel. (71) 887-8000, open daily. Continuing/To Feb. 12: "From Gainsborough to the Pre-Raphaelites: Works on Paper." A selection of British watercolors which includes landscapes by Turner, drawings by Rossetti and engravings by Stubbs.

Walters Art Museum, tel. (71) 887-8000, open daily. Continuing/To Feb. 12: "From Gainsborough to the Pre-Raphaelites: Works on Paper." A selection of British watercolors which includes landscapes by Turner, drawings by Rossetti and engravings by Stubbs.

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A Dagon wood sculpture from Mali, on view in Paris.

closed Mondays. To Jan. 29: "André Kertész: Le Double d'une Vie." More than 200 photographs, 25 in color, covering French, American and Hungarian topics. The exhibition will travel to Tokyo.

GERMANY
Berlin
Brooklyn Museum, tel. (30) 832-20-20. To March 12: "Antoni Gaudí." Features the works of the 19th-century Catalan architect. Chisel started as a historical and genre painter and turned to landscape while in Paris.

DENMARK
Copenhagen
The Royal Danish Opera, tel. 33-32-20-20. Mozart's "Die Entführung aus dem Serail." Directed by Jean-Claude Auriay, conducted by Jean-Claude Auriay, with Jorma Sylva, Susan Patterson, Lena Nordin, and Inger Dam-Jensen. Djuna Mal-Mel, Jan. 16, 20, 22, 25 and Feb. 8, 13, 16 and 24.

FRANCE
Paris
Musée Dapper, tel. (1) 45-00-01-50, open daily. Continuing/To March 13: "Daguer." 90 works representing the diversity of art created by the Daguer family group in Paris. Features seated and equestrian figures, as well as masks and accessories sculpted in wood.

Musée des Arts Décoratifs, tel. 44-55-57-50, closed Mondays and Tuesdays. To April 30: "Reves d'adoucés." The bedroom, symbol of intimacy, of life and death, and of calm suffering, is honored in this exhibition.

Musée-Galerie de la Seine, tel. (1) 45-56-60-18, closed Sundays. Continuing/To Feb. 25: "Fascin, 1885-1930." More than 100 paintings and drawings by one of the leaders of the Ecole de Montparnasse in the 1920s.

Musée Marmottan-Claude Monet, tel. 42-24-07-02, closed Mondays. To Jan. 22: "Château de Versailles." Documents Austrian painting in the 19th century, with works by Klimt, Schiele, Kokoschka, Munch, and others.

Musée de l'Art Moderne, tel. 42-33-82-50, open daily. Continuing/To March 18: "Keith Haring." A retrospective of the works of the American graffiti artist.

IRELAND
Dublin
Hugh Lane Municipal Gallery of Modern Art, tel. (1) 872-2182, closed. Continuing/To Jan. 22: "Hendrick Verelst, 1665-1700." An exhibition of the works of the French painter, who started as a Cubist after meeting with Girs and Delaunay, and then turned to painting from nature in the 1920s.

National Museum of Western Art, tel. (3) 3828-5131, closed Mondays. To March 12: "German Woodcuts of the 19th Century." 18th-century German prints from the Gotha city museum in Germany, including works by Dürer and Cranach, as well as political and religious satires.

ISRAEL
Tel Aviv
Tel Aviv Museum of Art, tel. (3) 636-1297, open daily. Continuing/To March 18: "Keith Haring." A retrospective of the works of the American graffiti artist.

JAPAN
Tokyo
Mitsukoshi Museum, tel. (3) 3854-1111, open daily. Continuing/To Jan. 22: "Rene Magritte." 70 oil paintings and 120 sketches, sculptures and other art works by the Belgian Surrealist painter.

National Museum of Western Art, tel. (3) 3828-5131, closed Mondays. To March 12: "German Woodcuts of the 19th Century." 18th-century German prints from the Gotha city museum in Germany, including works by Dürer and Cranach, as well as political and religious satires.

LUXEMBOURG
Luxembourg
Casino Luxembourg, tel. (352) 22-50-45, closed Mondays. To March 26: "Luxe, Calme et Volupté: Regards sur le Post-Impressionisme." Major artistic themes of the turn-of-the-century are represented by more than 150 paintings, including interiors by Bonnard and Vuillard, and landscapes from van Gogh to Vallotton and portraits from Gauguin to Matisse.

MONACO
Monte Carlo
Opéra de Monte-Carlo, tel. 92-16-22-99. Verdi's "Rigoletto." Directed by Lorenzo Mariani, conducted by Bruno Campanella, with Leo Nucci, Tito Bellan, Alexandrine Perdet-

retrospective of the works of the American graffiti artist. Haring came to fame in the late 1970s with his drawings in the New York subways. His pictorial language includes recurrent images such as flying saucers, parking dogs and radiating babies which mingle with universal symbols and high-tech objects.

ITALY
Bologna
Teatro Comunale, tel. (51) 529-999. Verdi's "Macbeth." Directed by Gary Bertini, conducted by Luca Ronconi, with Paolo Gavanelli, Deborah Voigt, Keith Olsen, and Leonardo D'Arcangelo. Jan. 28 and 30, Feb. 2, 5, 7, 10 and 12.

Genoa
Palazzo Ducale, tel. (10) 591-106, closed Mondays. To Jan. 29: "Marc Chagall e il suo mondo tra Vitebsk e Parigi." The works created by Chagall between 1908 and 1918 illustrate the influence of Russian Judaism on the painter. Also includes works by contemporaries such as Leon Bakst, Robert Falk and El Lissitzky.

NETHERLANDS
Amsterdam
Rijksmuseum, tel. (20) 679-81-48, closed Mondays. Continuing/To Feb. 26: "The Art of Devotion, 1300-1500." Features 50 late-medieval objects of private devotion, such as paintings, miniatures, prints and wood carvings. Among the artists represented are Mantegna and Memling.

POLAND
Warsaw
The National Museum, tel. (2) 621-1031, closed Mondays. To Feb. 19: "The Collection of Boleslaw and Lina Nawrocki." Works from the Nawrocki collection, including 300 paintings, watercolors and drawings by the Polish artist. Also features works by Leopold Gottlieb, Alicja Halicka and other Polish painters who spent some time in Paris in the early 20th century.

SPAIN
Barcelona
Can Alassa, tel. (3) 424-3809, open daily. To March 15: "Homenaje al animal." This sculpture homage, in the gardens of Can Alassa, includes artists such as Javier Mariscal, the versatile designer of the Coca-Cola logo, and the 1992 Olympic Games. Also included are works by Domènec Sánchez, the winner of this year's Jackson Pollock Prize, and six life-size iron bulls made by Manuel Sureda.

SWEDEN
Gothenburg
Eriksbergshallen, tel. (31) 779-11-11, open daily. Continuing/To Feb. 19: "Leonardo da Vinci: Universal Genius." Drawings, manuscripts and paintings document the life and work of Leonardo da Vinci, including models of a bridge, a parachute

Russians Move In for the Kill

After Lull, Drive on Rebel Capital Hardens

New York Times Service

GROZNY, Russia — As a notional 48-hour cease-fire expired at 8 A.M. Thursday morning, Russian troops moved with new seriousness to try to break the back of a secessionist movement in Chechnya. They intensified the rocketing and shelling of the tattered, blasted presidential palace in Grozny, the capital. Shells were landing every few seconds for several hours Thursday afternoon, with huge explosions and fires visible from a hill near the burning oil refinery.

Streets that had been almost busy during the often-broken cease-fire were once more nearly empty of traffic.

The Chechen fighters were waiting out the heavy bombardment in basement bunkers as the Russians seemed to be trying to cut off the route to the palace from the south, along Lenin Prospekt.

[The Kremlin denied Thursday that control of the Russian Army's general staff would pass to President Boris N. Yeltsin, Reuters reported from Moscow.]

[A spokesman for Mr. Yeltsin, Vyacheslav Kostikov, issued a statement dismissing comments by the chairman of the upper house of Parliament, Vladimir Shumilko, that control of the general staff would be stripped from Defense Minister Pavel S. Grachev.]

[Mr. Kostikov said the idea was only one of a number of proposals discussed by top officials on Wednesday. "No concrete decisions about military reform, including the general staff, were discussed or made during the meeting," he said.]

Despite or perhaps because of confusion in Moscow over the status of General Grachev, who has been prosecuting this war, the Russian military seemed to act with new urgency to try to take Grozny, the symbolic prize that might allow Moscow to open negotiations with the Chechens.

On Wednesday, the Chechen leader, Dzhokhar Dudayev, urged peace talks with Moscow and refused to rule out a negotiated autonomy rather than the

independence he swore to die for. But there was no response from Moscow, except for the shelling.

Thousands of Chechens and hundreds of Russian troops have died as Moscow has moved to try to assert central control and to maintain the unity of the Russian state. But the monthlong war — Russian troops invaded Dec. 11 — has confounded all expectations, throwing Mr. Yeltsin into a political morass and sharply dividing both the society and the army.

GROZNY: Moscow Assails Critics

Continued from Page 1

reflexes working, a return to well-worn stereotypes of reacting to developments in this country.

Then Mr. Karasin warned: "The partnership which has emerged between Russia and the West in the recent past is now undergoing a kind of test on the touchstone of Chechen developments." The West should ask itself, he added, "whether it is right to so hastily and categorically destroy the accumulated positive experience of interaction with Russia."

Mr. Karasin declined to comment on the State Department's specific charges that Russia had violated the European security organization's accord, which President Boris N. Yeltsin reaffirmed only last month, except to say that such charges would be dealt with constructively through diplomatic channels.

The spokesman said talks next week between Secretary of State Warren M. Christopher and Foreign Minister Andrei V. Kozyrev would be devoted to European security issues and other international matters, but that the question of Chechnya might "be touched upon."

He also said that, in Mr. Kozyrev's meeting with an organization representative Wednesday, the Russian foreign minister had stressed that the security body's efforts "would be effective at a later phase in

the normalization of the situation," notably in bringing humanitarian aid and holding new elections.

The organization, a principal human-rights watchdog during the Cold War, has been eager to send observers to Chechnya and, if Moscow permitted, to play an intermediary role between combatants. But Russia is loath to permit any role for outsiders that might suggest Chechnya is anything but a domestic matter.

A deputy of Parliament's upper house, citing official sources, said Thursday that 394 Russian troops had been killed and more than 1,000 wounded. Another deputy, returning from his own fact-finding mission to Chechnya, said he was certain the casualty figure was much higher, based on the corpses he had counted in the street. The second deputy, Aivars Ledin, estimated at least 1,500 Russian troops killed.

The military command itself has refused to disclose casualty figures.

Estimates of Chechen combatant and civilian casualties are even murkier, but the Human Rights Watch/Helsinki report Thursday said Russian troops had shown a "consistent pattern of firing on civilians."

The report was based on interviews with refugees. Of Chechnya's population of 1 million, about 350,000 are estimated to have fled the fighting.

The military command itself has refused to disclose casualty figures.

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Traders in Santiago shouting orders Thursday as Chile's stock market posted gains.

MONEY: Mexico Crisis Cools Interest in New Markets

Continued from Page 1

what is known as a systemic crisis. That is financial short-hand for a situation where a liquidity crunch or massive capital outflows become so severe that countries or businesses face the danger of a default in their financial obligations.

While there were genuine systemic risks in 1982 and 1987, today most of the world's leading economies, including most emerging markets, are poised for a year or more of buoyant

economic growth, with few countries even threatened by inflation in the short term. Equity markets of such major industrialized countries as the United States, Germany and Japan have not been affected substantially by the Mexican crisis.

Central bankers, speaking on condition they not be named, said Thursday that at discussions held by the Group of 10 central bank group earlier this week at the Bank for International Settlements in Basel, Switzerland, a series of support

mechanisms and contingency plans were agreed upon to handle the Mexican crisis. But the tone of the Basel meeting was described by central bankers involved as one of concern rather than alarm.

The message from fund managers, meanwhile, is that while some investors are indeed reacting to the Mexican crisis by withdrawing substantial amounts from developing countries in Asia and Latin America, these sums represent the flow of so-called hot money — funds that are frequently on the move in the world's capital markets and which are the most sensitive to sudden political or economic change. In the case of capital flows this week, these funds have tended to be shifted into such havens as Deutsche mark and U.S. dollar investments.

Some money managers interviewed Thursday characterized the decline in equity prices or the weakening of currencies as a predictable rather than dramatic side effect of the Mexican liquidity crisis. This ripple effect is actually an example of what is meant when investors speak of globalization.

In the future, some investors involved in emerging markets may be more selective in placing funds in rapidly growing economies. The precise amount of investment at stake is hard to calculate, but analysts estimate that more than \$50 billion has poured into emerging markets around the world over the past couple of years.

Michael Cowan, a fund manager at Morgan Stanley Asset Management in London, said that the impact of the Mexican crisis on emerging markets would probably be less of a panic among international investors and more of a decision "to stay in mature markets such as the United States, Japan and Europe" where growth rates are good, company profits look promising and there is a feeling that inflation is "really not that bad."

But if investors continue to dump their currency and equity holdings in emerging markets over the longer term, the resulting capital shortage could cause interest rates to skyrocket and become a drag on economic growth.

The governments of some emerging market countries, conscious that investors are rethinking the attractions of buying their currencies or equities, were at pains Thursday to offer reassurances. Both Indonesia and Turkey contended in explicit terms that their situations were very different from that of Mexico.

ASIA: Exchanges Are Defended

Continued from Page 1

percent amid speculation that the baht was about to be devalued. The Bank of Thailand dismissed the rumors.

"There is no truth to anything of the kind," said Nopamarn Manolechagul, chief spokesman for the Bank of Thailand.

Some panic selling Thursday drove sellers into Thailand's interbank market to convert baht to U.S. dollars, which pushed the interest rate banks charge each other to 15 percent, from 7.5 percent in the morning.

In Hong Kong, interbank rates were jolted upward. The Monetary Authority decided to pull cash out of the system and raise overnight interest rates to support a Hong Kong dollar battered by capital outflows and rumored speculation against it.

Traders have reported an unusual amount of foreign interest

in the Hong Kong dollar in recent days after rumors of speculators targeting a mechanism linking its value to the United States swept the market.

Devised in 1983 to bolster a currency facing sustained political uncertainty, the Hong Kong peg sets the value of the local dollar at 7.8 to \$1, with a trading range of roughly one percent in either direction.

Most local bankers and analysts think the peg, which pits Hong Kong's reserves and ability to absorb interest rate rises against any attempt to force the local currency beyond a narrow trading band, is unassailable.

But taking no chances of allowing the local dollar to slide into the "weak" side of its U.S. dollar peg, the Hong Kong Monetary Authority intervened by withdrawing 5.42 billion Hong Kong dollars (about \$700 million) from the banking system on Thursday.

"The Hong Kong dollar opened soft this morning and we found it necessary to push up Hong Kong interbank rates," said Julia Leung, a spokeswoman for the Monetary Authority, which performs many central bank functions for the British colony's financial system.

The move to raise short-term, interbank interest rates and, in turn, the Hong Kong dollar's attractiveness to investors succeeded in halting the Hong Kong dollar's recent slide. The U.S. dollar began the year at 7.7395 Hong Kong dollars.

The key Hang Seng index rallied Thursday as investors decided that a savage sell-off centered on worries about a crash in Hong Kong's once high-flying property market had gone too far. It rose 25.30 points to close at 7,418.05.

On Thursday, Hong Kong stocks dropped in London, amid concern that a flight by investors to "safe haven" assets in countries such as Germany and Japan could strand Hong Kong, Bloomberg Business News reported.

Paris Politicos Fête Their '95 Fortunes

By Joseph Fitchett

PARIS — It must be the longest New Year's celebration anywhere: For 10 days, the political castes in Paris have been trooping to the *voeux*, annual receptions given by the president, the major cabinet ministers and factional leaders to extend seasonal wishes for France — and their own destinies.

For journalists invited to these once-a-year days, a peculiarly French ritual, it is an opportunity to rub elbows, if not with the boss, at least with top aides. Besides getting a close-up look at leaders, there is often a chance to ask a few questions in an era when French officials appear increasingly chary of open news conferences.

Even when short on news, these receptions — usually midday affairs — offer a menu of messages about the incumbents' moods through the fare served to guests.

At Prime Minister Edouard Balladur's reception Tuesday at his Left Bank office known as the Hôtel Matignon, the Pink, White and Gold salons were banked with regal buffets, almost overbearing in sumptuousness, supplemented by waiters plying the 400 guests with a celebrated champagne and savory hot finger-food followed by desserts.

Briny oysters from Brittany were stacked on ice beds rising up the lacquered walls. The top layers were so high that they had to be handed down by a member of the American press corps, a former semi-pro basketball player renowned for his reach and other buffet skills.

At least some of his guests saw the prime minister's buffet as an unusually lavish gesture by the normally rather austere man — but who seems to be anticipating a prosperous year. Mr. Balladur is expected to announce next week that he is running for president.

The fare was distinctly thinner gruel the next day at a reception given by the young minister of foreign affairs, Alain Juppé, who while a brilliant and able member of Mr. Balladur's cabinet may be facing a leaner year because he has backed the rival but stumbling presidential bid of Jacques Chirac. The minimalist buffet was described by a hungry journalist as "leftovers," perhaps reflecting Mr. Juppé's sense of diminishing political prospects this year.

If this year's ritual ordeal was spiced by the coming elections, it also had special poignancy as part of the closing ceremonies for President François Mitterrand's nearly 14 years in office. Of all the week's occasions, the most moving occurred Friday in the French White House — the Élysée Palace.

Mr. Mitterrand, who is 78 and battling cancer, delivered what amounted to a 90-minute monologue — gracefully articulated around questions — about his years in power and the prospect of leaving it now.

The audience of journalists was so tightly packed around the frail, seated leader that waiters simply gave up trying to get through with their trays and handed glasses to people within reach, causing a champagne tsunami among late-arriving journalists stuck on the fringe.

Mr. Mitterrand's reflections, showing off his unimpaired mental elegance, carried a defiant message to his detractors: that he has no regrets after a political career that has generated passionate admiration and hatred in France.

Demonstrating that he has lost none of his relish for sowing dissension in the ranks of his political adversaries, Mr. Mitterrand displayed unusual interest in Mr. Chirac, his long-running political rival, at another of the New Year's receptions for officials. Mr. Chirac confided to his aides that he took the presidential attention as encouragement to stay in the presidential race even though polls show him falling further behind Mr. Balladur.

The episode was duly noted by French media. Indeed, press coverage has gradually invaded these occasions, presumably a relic of court ceremonies between monarchs and prominent subjects.

Mr. Mitterrand accelerated the change when he adopted the habit of sitting in one of the Élysée's ivory-colored rooms — Madame de Pompadour's boudoir when she owned the palace — for an off-the-record conversation with selected journalists. Gradually, the discussions became public, and nowadays every utterance is recorded.

ISRAEL: New Focus on 'Good Life'

Continued from Page 1

recent months has come to symbolize much of this change, younger Israelis are standing John F. Kennedy's famous dictum on its head.

"They are interested in the good life," he said. "They are asking more and more what the country can do for them and less and less what they can do for the country."

Mr. Ramon is an unlikely revolutionary. At 44, he is a product of conventional politics who rose quickly through the Labor Party and became a young Parliament member, then health minister — to all appearances, a talented but straitlaced upholder of the existing order.

Yet he has led something akin to a revolution. Last spring, he walked out on the Health Ministry and his party, formed his own political list and, stunningly, won an election that gave him control of the Histadrut, the federation of trade unions that runs Israel's largest pension and health-care systems and dominates important government-owned industries. Never before in the

Histadrut's 74-year history had Labor lost the reins.

He did more than land a potent job. He made clear that old political styles were nearly finished and that the torch was about to be passed to people like him, born in 1950, and Benjamin Netanyahu, born in 1949. Mr. Netanyahu has been the leader of the opposition Likud party for the last two years.

Of course, nothing is guaranteed in political life. Still, Mr. Ramon lands near the top of every list of future contenders for prime minister.

The two younger men appeal to decidedly different types. Mr. Netanyahu, on the right, focuses more on Israeli security and holding onto land that Arabs want. Mr. Ramon, on the left, is ready to give up territory but has made social issues his main battleground.

"The society is more individualistic," Mr. Ramon said in his spare office at the Histadrut's sprawling headquarters in Tel Aviv. "They are not looking for the general welfare of the society, and there is less social solidarity between people. They are very demanding."

And the more their country makes peace with the Palestinians and neighboring Arab countries, the easier Israelis are likely to find it to concentrate on personal interests.

Gabi Shefer, a political scientist at the Hebrew University of Jerusalem, says that "it does not mean that Israelis have become selfish."

"I think that the readiness to volunteer is still substantial," he said. "But there is a shift in the readiness of Israelis to put more emphasis on their own growth."

When it comes to material matters, the growth is evident. Per-capita gross domestic product exceeds \$13,000 a year, putting Israel ahead of European Union countries such as Greece and Portugal. City streets here are awash in new, expensive cars.

The last few years have witnessed a rapid infusion of American-style consumerism, from wide-style supermarkets to shopping malls.

But the boom has dark sides. It is undermined by inflation, 15 percent and climbing, fed heavily by a housing shortage that has sent apartment prices soaring by 50 percent in the last four years.

Sri Lanka Truce Holding, President Says

Reuters

COLOMBO — President Chandrika Bandaranaike Kumaratunga said on Thursday that a two-week truce between government forces and Tamil rebels fighting for independence was going very well and could be extended.

She spoke after meeting with members of two committees being established in the eastern part of the country to monitor

the truce. The committees are chaired by Norwegians.

"It is going very well at the moment," she said of the truce, which began Sunday. "There are no serious problems at all."

"I am optimistic that we can continue the cessation for longer than the initial two weeks," the president added.

She said an extension of the truce would be discussed on

Saturday at a meeting between rebel leaders and government negotiators in Jaffna.

The two teams will start monitoring the truce Friday in Trincomalee and Batticaloa-Amparai. Four other teams are to begin operations in the north this weekend, in Jaffna, Mannar, Mullaitivu and Vavuniya. They will be headed by Canadian and Dutch representatives.

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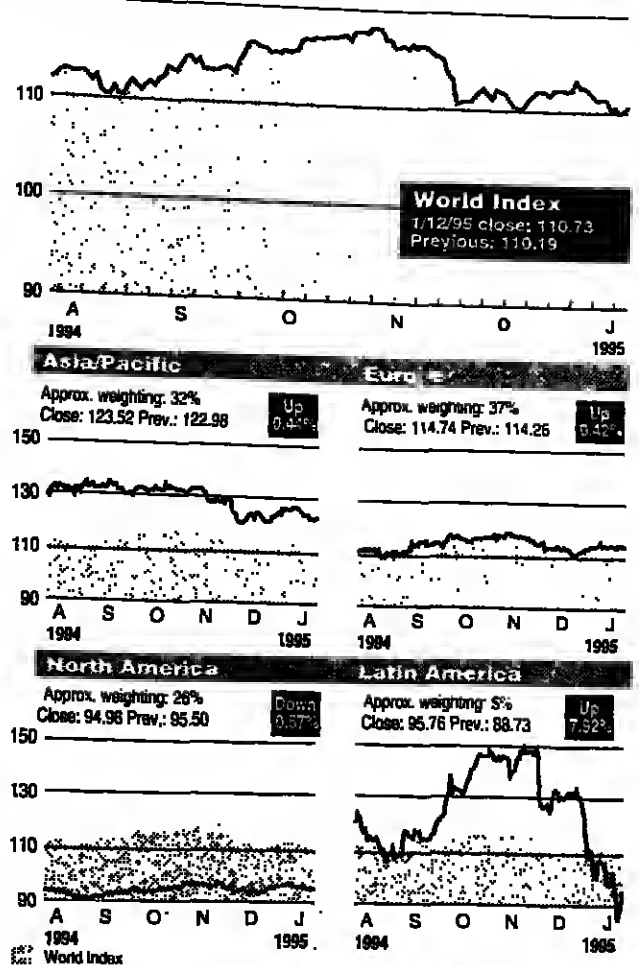
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Industrial Sectors	Time	Close	Prev.	% Chg.
Energy	111.02	110.20	+0.74	
Utilities	119.84	118.77	+2.46	
Finance	111.33	110.61	+0.47	
Services	107.27	107.20	+0.07	
Capital Goods	113.99	113.56	+0.38	
Raw Materials	131.87	131.14	+0.56	
Consumer Goods	103.19	102.81	+0.37	
Miscellaneous	113.20	113.76	-0.49	

Buenos Aires Pegs Confident Stance To the U.S. Dollar

By Calvin Sims
New York Times Staff Writer

BUENOS AIRES — As Mexico's financial crisis jolts markets around Latin America, Argentina has been hit hardest. Although Argentine stocks appear to be rebounding, the financial markets have plummeted in recent days and short-term interest rates have spiraled, sending officials scrambling to ally investor concerns.

Finance Minister Domingo Cavallo has been meeting in New York this week with bankers and investors, trying to convince them that while Argentina's economy closely resembles Mexico's, their fates are not intertwined.

In an interview here, Mr. Cavallo said, "In Argentina it is impossible to have the sequence of events that occurred in Mexico last year."

He contended that there were structural differences between the economic policies of the two countries. He added that Argentina would have no trouble meeting its debt payments.

Unfortunately, Mr. Cavallo said, nervous investors tended

to view Latin America as a monolith, because many Latin American nations had undertaken similar economic reforms.

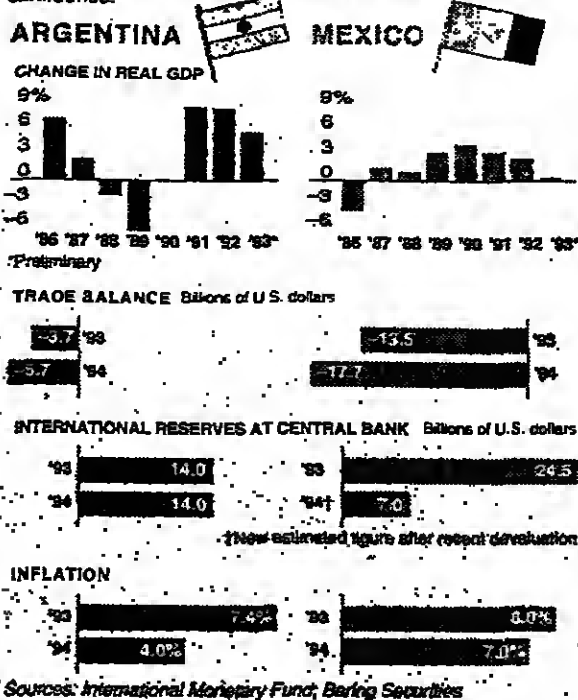
Argentina and Mexico have both opened their economies to foreign investment and have privatized state industries. Both also have huge current-account deficits, which makes them dependent on flows of outside capital.

"That explains the reason investors are very nervous when they hear the words 'Latin America' after what happened in Mexico," he said. "Many think that what happened in Mexico is destined to be repeated elsewhere, but nothing could be further from the truth when it comes to Argentina."

He said that while the stock and bond markets had declined, overall investment remained strong and the economy continued to expand. Still, if stocks and bonds continued to be depressed over the long haul, there would be a significant increase in the cost of credit for public projects and private business and this would result in less growth for 1995.

Similar but Different

While Argentina's economy in certain ways resembles Mexico's, Argentina has pursued different policies with different results. But Argentina's markets have been hit hard, and government officials are pressing to restore investor confidence.



"Argentina shouldn't have a crisis like Mexico's," said C. Fred Bergsten, director of the Institute for International Economics in Washington. "The current-account deficit is smaller, and the reserves are higher, and the domestic money supply is dollar-backed."

While analysts and economists agreed that Argentina was not Mexico, they warned that if Argentina did not regain investor confidence, it faced a daunting choice: See ARGENTINA, Page 10

Citicorp Profit Rises, Despite Mexico Ties

By Lawrence Malkin
International Herald Tribune

NEW YORK — Seeking to quiet Wall Street talk that it would be hurt by Mexico's financial crisis, Citicorp released glowing fourth-quarter earnings ahead of schedule Thursday and said its "business in Mexico is strong."

The largest U.S. bank reported net income rose by 81 percent to \$1.04 billion, as a \$180 million venture-capital gain and lower taxes offset trading results that were almost halved from the year-ago period. For the year, net income was a record \$3.4 billion, mainly because of strong consumer business worldwide and a decrease in bad loans.

Noting Wall Street's worries, John S. Reed, Citicorp's chairman, said that Mexico was going through a rough adjustment but that "we have not experienced any important negative impact on our operations and we do not anticipate any serious problems going forward."

Since Dec. 19, the day before the Mexican peso began its plunge, Citicorp stock has declined by 8 percent because about one-quarter of the bank's earnings come from Latin Amer-

ica. Late Thursday, Citicorp stock was down \$1.25 at \$39.125.

Of Citicorp's 500 offices in Latin America, only six are in Mexico, and they concentrate on corporate finance for blue-chip multinational clients, which are expected to weather the storm. The bank's retail operations have been severely limited by the Mexican government, which has even insisted on approving its local advertisements, but these limitations may prove a blessing in disguise because Mexico appears headed for recession.

If the Mexican crisis is contained from spreading to the rest of Latin America, it is unlikely to have a major effect on Citicorp, said Diane Glossman, bank analyst at Salomon Brothers Inc., who estimated Citicorp's earnings from Mexico as only 1 percent or 2 percent of its total profit.

U.S. banks are no longer as vulnerable to Latin American financial upheavals as they were when the continent's debt bomb exploded in 1982. According to the Institute for International Finance, a study group based in Washington

Stocks Rise After Bank of Mexico Offers to Buy Back Bonds

Compiled by Our Staff From Dispatches

MEXICO CITY — Mexican stocks rebounded Thursday after the Mexican government began to repurchase dollar-indexed bonds and the United States made new attempts to help its neighbor out of a financial crisis.

The Bank of Mexico told banks and securities firms it would buy back as much as \$1.5 billion worth of Tesobonos. Rather than pay for the bonds in cash, the central bank will cancel loans owed by banks and brokers. The bank said it would use an exchange rate of 5.75 pesos to the dollar.

"This will be just an accounting transaction,"

a central bank official said. "No money will change hands."

The benchmark Bolsa index rose nearly 5 percent on Thursday, while the peso gained more than 5 percent. The dollar slipped to 5.370 pesos from 5.680 on Wednesday.

Mexico is trying to neutralize the \$11 billion in Tesobonos held by Mexico's banks. An additional \$17 billion of Tesobonos are held by foreigners, especially U.S. mutual funds, which want to clear the Mexican paper from their books to reassure their fundholders.

Stabilizing these funds held by foreigners is seen as the key to resolving the short-term crisis.

and Wall Street banks are trying to devise a way to roll them into some new kind of dollar bond issued by Mexico.

Investment firms said their clients would still probably demand a U.S. or international guarantee before they would buy the bonds — even at 12 percent to 15 percent interest. Working out that guarantee is a preoccupation of Mexico, Wall Street, and the U.S. Treasury.

Central bank officials hope that if they can purchase back some of the Tesobonos outstanding, the Mexican currency will strengthen against the dollar in coming days.

U.S. officials, who spoke on condition of anonymity, said a number of options were being explored to increase an American rescue package that already totals \$9 billion, but no decision had yet been made.

One U.S. official said an aid package being drafted by the U.S. Treasury and the Federal Reserve Board would not include subsidized loans, but would propose increasing the current credit line to between \$25 billion and \$40 billion. The United States has been considering providing Mexico with subsidized loans, officials said. (Bloomberg, AP, Knight-Ridder)

Thinking Ahead / Commentary

Banks Can't Lock Out the Regulators

By Reginald Dale
International Herald Tribune

WASHINGTON — It is one of today's clichés that the nation-state is being overrun by global economic forces. Multinational corporations are losing their national identity as they scour the planet for the cheapest supplies of labor, capital and technology. Trillions of dollars wash through financial markets 24 hours a day, beyond government control.

The state seems increasingly powerless to defend its economic interests — compounding the fears of individual citizens, especially in industrial countries, that they are helpless amid global change.

But there is something wrong with this picture, says a former international banker, Ethan B. Kapstein of Harvard University — at least in one key area, and almost certainly in others, it is not true.

In a new book, "Governing the Global Economy," Mr. Kapstein argues that nation-states, led by the United States and its allies, still play a key role in regulating the global economy. In doing so, they are strongly influenced by domestic politics.

Mr. Kapstein, who is on assignment at the Organization for Economic Cooperation and Development in Paris, seeks to prove his point by examining the role of governments in international finance, one area where globalization is generally thought to have gone the furthest.

In fact, the suspicion that banks evade government supervision by operating offshore in such places as the Cayman Islands is largely mistaken, he says.

On the contrary, multinational banks

still depend on governments to grant them access to markets and to create a level playing field for global competition.

With globalization, governments have tried to balance the need for international rules against their desire for freedom to set the competitive conditions in which their own banks operate, he says.

The result has been a two-tier system in which international collaboration is

With globalization, governments have tried to balance the need for international rules against their desire for freedom to set the competitive conditions.

combined with the principle of home country control, under which states keep responsibility for regulating their national financial institutions.

"Banks are not extrajurisdictional actors, but highly regulated firms which must identify the piece of territory they call home," he says. Every international bank is ultimately accountable to a single, national regulator.

But what about the notorious Bank of Credit & Commerce International? Did BCCI not operate for years between the

cracks of the system, outmaneuvering one government after another?

Yes it did, Mr. Kapstein says. But once governments finally acted, they quickly closed the bank's global operations, showing that state power ultimately prevails over transnational forces.

In fact, governments have responded to international financial crises — ranging from the collapse of the Bretton Woods system and the need to recycle petrodollars in the 1970s, to the debt crisis of the 1980s and BCCI in the 1990s — by tightening supervision and control, first at home and then through broader international agreements.

A similar process may now be starting to bring trade in financial derivatives under closer supervision, Mr. Kapstein says. The pattern extends well beyond finance. Comparable systems of two-tier home country and international control are found, for instance, in regulating oil tankers and telecommunications.

In all these cases, governments look to each other rather than to a supranational organization to enforce the rules — even in the European Union, where collaboration has gone the furthest.

This delicate balance between cooperation and competition has proved surprisingly durable, Mr. Kapstein says. But it is not perfect. Weak home states, for instance, should be required to strengthen their controls.

But his main point is that the world economy does not "operate somewhere offshore." It functions within the political framework provided by nation-states. Which should mean that their citizens have not lost all influence over it.

Few Advisers See Windfall After U.S.-Japan Finance Pact

By Steven Brull
International Herald Tribune

TOKYO — For the past six years, Yuji Kudo, president of Schroder Investment Management (Japan), has been making courtesy calls on Japanese pension fund managers, exchanging bows and name cards and saying "yoroshiku," or "please be kind to me."

The visits were brief because like other non-Japanese investment advisers, Schroder was barred from managing all but a few drops of the Japanese pool of pension funds worth hundreds of billions of dollars.

Now, following the U.S.-Japan accord reached Tuesday to liberalize the market for financial services, Mr. Kudo hopes his legwork will start to pay some dividends. "We were always hoping the market would open up so we continued to visit potential clients," Mr. Kudo said. "This kind of ceremony is very important in Japan."

Still, while the financial-services accord gives foreign investment advisory companies unrestricted access to \$200 billion in public pension funds and an additional \$130 billion in private pension funds, nobody expects a cascade of cash to flow into foreign managers' hands.

Deep ties between domestic fund managers and clients, extending beyond the personal to the level of corporate lending and cross-shareholding, and the delay until 1997 of a key reform will make domestic pension-fund managers reluctant to shift assets to foreign managers too quickly.

"There will not be an immediate windfall," said Lawrence Repeta, managing director of Frank Russell Japan Co., an asset management consultancy.

Nevertheless, there is strong interest among some Japanese pension fund managers to entrust assets with foreign managers, who generally have superior track records of performance. That is why the Health and Welfare Ministry, some bureau of the Finance Ministry and an association of corporate pension funds supported the agreement.

"The foreign funds that have designed prod-

ucts for the Japanese market will see a significant increase in assets under management, but it will require a lot of persistence and commitment of resources," Mr. Repeta said.

Peter Wolton, chairman of Schroder Investment, said the value of pension funds in rapidly aging Japan would grow about 10 percent annually through the year 2010. "All the investment advisory companies expect to significantly outperform the growth in the market," he said.

Increased market share for Schroder, Jardine Fleming Securities, S.G. Warburg & Co., Invesco and others would probably come at the expense of Japanese trust banks and insurance companies.

In addition to opening up major portions of Japan's massive pool of pension funds, the accord reached Tuesday will liberalize various practices that have restricted the ability of foreign fund managers to compete.

Foreign investment advisers and trust banks will be allowed to sell funds specialized in certain areas, such as stocks or bonds or derivatives. Pension funds are now required to maintain a conservative mix, with at least 50 percent held in assets considered safe, such as yen cash, yen bonds or Japanese convertible bonds. Of the rest, not more than 30 percent can be invested in Japanese equities or overseas assets, and not more than 20 percent in real estate.

The accord also will eliminate accounting rules for corporate pensions that now require them to book losses on unprofitable shares when switching managers. Under the reform, which will not take effect until 1997, losses will have to be booked whether they switch managers or not.

The accord also requires increased disclosure of performance data — a development that is likely to allow the superior track records of foreign fund managers to come to light.

"Foreigners have been shackled by the same regulations as domestic managers, and it's difficult to say they're qualitatively better than domestic firms," said Jeffrey Hansen, director of consulting at Frank Russell Japan. "But there are clear differences and in an unregulated environment they'd have an advantage."

Beijing Sounds Tough On Trade

Compiled by Our Staff From Dispatches

BEIJING — China said Thursday it was not prepared to make concessions in trade talks with the United States next week.

But China said it hoped the negotiations would be able to avert a trade war.

Last month, the United States suspended talks that had gone on for 18 months and started action to impose punitive tariffs on \$2.8 billion worth of Chinese goods.

The sanctions are to go into effect Feb. 4 if the two sides fail to agree. China responded with its own sanctions threat.

Negotiators from the two countries are to meet starting Wednesday in Beijing.

Several U.S. business executives based in Beijing said they expected a last-minute agreement.

A spokesman for the Chinese Foreign Ministry suggested that the success of the talks depended entirely on the United States.

"It is most unwise to carry out trade retaliation," he said. But "on matters of principle, the Chinese side will make no concessions."

U.S. publishers, film studios, software writers and other copyright owners have calculated that their industries lose \$827 million a year to Chinese pirates.

The United States wants China to close down 29 factories in southern China that Washington estimates are producing more than 70 million pirated compact disks, laser video-disks and CD-ROMs annually, mostly for export.

Washington also wants China to lower barriers to American films, music and computer products to remove the demand for pirated products, and to reform its legal procedures to make it easier to seek redress for pirated goods.

China has objected, saying the U.S. demands are excessive and go beyond what the United States itself has done. (Reuters, AP)

CURRENCY & INTEREST RATES

Cross Rates										Eurocurrency Deposits										Jan. 12
	\$	£	D.F.	J.P.	Lira	D.F.	S.F.	Yen	C.F.	Pesete		Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		
Amsterdam	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	1 month	5 1/4-5 1/2	4 1/4-4 1/2	3 1/4-3 1/2	5 1/2-5 1/2	5 1/2-5 1/2	1-2	5-5		
Brexit	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	3 months	6 1/4-6 1/2	5 1/4-5 1/2	4 1/4-4 1/2	6 1/4-6 1/2	5 1/2-5 1/2	2 1/2-2 1/2	6 1/4-6 1/4		
Frankfurt	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	6 months	6 1/4-6 1/2	5 1/4-5 1/2	4 1/4-4 1/2	6 1/4-6 1/2	5 1/2-5 1/2	2-2	6 1/4-6 1/4		
London (1)	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	1 year	7 1/4-7 1/2	5 1/4-5 1/2	4 1/4-4 1/2	7 1/4-7 1/2	6 1/4-6 1/2	2 1/2-2 1/2	7 1/4-7 1/4		
Madrid	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	Source: Reuters, Lloyds Bank									
Paris	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*	Source: comparable to interbank rates (for equivalent)									
New York (2)	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
Porto	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
Stockholm	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
Toronto	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
Zurich	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
1 ECU	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
1 ECU	1.745	2.28	1.712	6.502	0.185	—	5.428	1.737	1.721	1.10*										
Cleanings in Amsterdam, London, Milan, Paris, New York and Zurich, things in other cities																				
Toronto rates at 3 p.m. : —																				
* To buy one pound; b To buy one dollar; * Units of 100; N.G. not quoted; H.A.: not available.																				
Other Dollar Values																				
Currency	Per \$	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$		
Australian	1.3004	1.3004	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28	Great Brit.	2.28		
Aust. schil.	16.78	16.78	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76	Hong Kong	7.76		
Brazil real	6.85	6.85	India rupia	11.85	India rupia	11.85	India rupia	11.85	India rupia	11.85	India rupia	11.85	India rupia	11.85	India rupia	11.85	India rupia	11.85		
Can. dollar	71.82	71.82	Irish £	0.472	Irish £	0.472	Irish £	0.472	Irish £	0.472	Irish £	0.472	Irish £	0.472	Irish £	0.472	Irish £	0.472		
Danish krona	6.8255	6.8255	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289	Israeli sheq.	2.289		
East German mark	2.30	2.30	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599	Malay ring.	1.2599		
Fin. mark	4.727	4.727	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599	Mex. peso	1.2599		
Forward Rates																				
Currency	30 days	60 days	90 days	Currency	30 days	60 days	90 days	Currency	30 days	60 days	90 days	Currency	30 days	60 days	90 days	Currency	30 days	60 days	90 days	
1-month Sterling	1.559	1.559	1.559	1-month Sterling	1.559	1.559	1.559	1-month Sterling	1.559	1.559	1.559	1-month Sterling	1.559	1.559	1.559	1-month Sterling	1.559	1.559	1.559	
Pound Sterling	1.559	1.559	1.559	Pound Sterling	1.559	1.559	1.559	Pound Sterling	1.559	1.559	1.559	Pound Sterling	1.559	1.559	1.559	Pound Sterling	1.559	1.559	1.559	
Swiss franc	1.2851	1.2851	1.2851	Swiss franc	1.2851	1.2851	1.2851	Swiss franc	1.2851	1.2851	1.2851	Swiss franc	1.2851	1.2851	1.2851	Swiss franc	1.2851	1.2851	1.2851	
Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Deutsche Bank (Frankfurt); Societe Generale (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Bloomberg's Reuters and AP.																				
(1) Forward; (2) Spot. (3) Other data from Bloomberg's Reuters and AP.																				

MARKET DIARY

Financial Sector Undermines Stocks

NEW YORK — Stocks finished mixed on Thursday as a rebound in the Mexican stock market was offset by weakness in U.S. financial issues.

The Dow Jones industrial average finished down 3.03 points at 3,859.00, but advancing issues posted declining issues by an 11-to-10 ratio on the New York Stock Exchange.

The price of the benchmark 30-year U.S. Treasury bond fell

bull market in money-center bank stocks has probably ended for this cycle," said Arthur Soter of Morgan Stanley.

Other financial stocks also fell, with lower-than-expected earnings dragging Federal National Mortgage Association down 4% to 70¢.

The instability in Mexico and concerns that other countries also might devalue their currencies lifted gold prices and gold stocks. The price of gold for February delivery on the Commodity Exchange here rose \$4.10 an ounce, to \$381.40. Newmont Mining gained 1% to 36¢.

Semiconductor stocks were strong, led by Advanced Micro Devices, which rose 3 to 31½. AMD reached a settlement with Intel on Wednesday that will allow it to sell clones of Intel's microprocessors.

CompuLink Computer rose 1½ to 42½ on strong earnings expectations for the fourth quarter.

But Western Digital fell 2½ to 16½ after the company said increased competition had led to lower profit margins, even as net income more than tripled.

In over-the-counter trading, Tech Data fell 4 to 11½ after the computer hardware distributor said it was converting to a system of its mainframe operating system in the United States.

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Via Associated Press Jan. 12

The Dow

Daily closings of the Dow Jones Industrial Average

400

300

200

100

0

J A S O N D J

1994

1995

JIT

NYSE Most Active

Vol. High Low Last Chg.

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Tehama 144,340 34 1/2 34 1/2 34 1/2 -1/4

Dow Jones Averages

Open High Low Last Chg.

Indus 3858.21 3861.24 3859.00 -3.03

Trans 1207.81 1211.12 1206.50 -4.31

Comp 1297.00 1298.51 1297.15 -1.51

Dow Jones Industrial Average

Standard & Poor's Indexes

Indus 494.00 494.00 494.00 0.00

Trans 150.00 150.00 150.00 0.00

Comp 150.00 150.00 150.00 0.00

NYSE Indexes

Comp 257.77 257.77 257.77 0.00

Indus 257.77 257.77 257.77 0.00

Trans 257.77 257.77 257.77 0.00

NASDAQ Indexes

Comp 754.88 754.88 754.88 0.00

Indus 754.88 754.88 754.88 0.00

Trans 754.88 754.88 754.88 0.00

AMEX Stock Index

High Low Last Chg.

435.3 434.4 434.9 -0.23

Dow Jones Bond Averages

20 Bonds 84.14 84.14 84.14 0.00

10 Industrials 84.14 84.14 84.14 0.00

NYSE Diary

Advanced 254 254 254 0.00

Declined 254 254 254 0.00

Unchanged 254 254 254 0.00

Total Issues 254 254 254 0.00

New Highs 254 254 254 0.00

New Lows 254 254 254 0.00

AMEX Diary

Advanced 254 254 254 0.00

Declined 254 254 254 0.00

Unchanged 254 254 254 0.00

Total Issues 254 254 254 0.00

New Highs 254 254 254 0.00

New Lows 254 254 254 0.00

NASDAQ Diary

Advanced 254 254 254 0.00

Declined 254 254 254 0.00

Unchanged 254 254 254 0.00

Total Issues 254 254 254 0.00

New Highs 254 254 254 0.00

New Lows 254 254 254 0.00

Spot Commodities

Commodity Today Prev.

Aluminum 84.14 84.14

Copper 84.14 84.14

Gold 84.14 84.14

Silver 84.14 84.14

Steel 84.14 84.14

Zinc 84.14 84.14

Market Sales

Today Prev.

NYSE 254 254

AMEX 254 254

NASDAQ 254 254

Market Sales

Today Prev.

NYSE 254 254

AMEX 254 254

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Market Sales

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Market Sales

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Market Sales

Today Prev.

NYSE 254 254

AMEX 254 254

NASDAQ 254 254

Market Sales

Today Prev.

NYSE 254 254

EUROPE

Xerox to Buy Most of Rank's Stake in Venture

Compiled by Our Staff From Dispatches

LONDON — Rank Organization PLC said Thursday it would sell 40 percent of its interest in Rank Xerox to its partner, Xerox Corp., for \$620 million (\$968 million).

Rank Xerox, based in Marlow, England, makes Xerox office machines and sell them in more than 80 countries in Europe, Asia and Africa. After the deal, which is expected to be completed in March, Rank will hold 9 percent of Rank Xerox and Xerox will hold 91 percent.

Michael Gifford, the chief executive of Rank, said the sale was part of the company's effort to refocus on its core leisure and entertainment businesses.

But shareholders sent Rank's stock down in London amid concern that Xerox's \$620 million purchase price did not reflect the true value of the stake.

Rank shares fell 20 pence, to 3.81, despite the company's separate announcement that its pretax profit rose 3.0 percent in the year to October amid strong performance in its films and television division.

Rank's earnings rose to £284 million in the year from £276.6 million the previous year.

Overall profit was swamped by a one-time charge of £11.6 million, £62 million of which was related to Rank Xerox and the balance of which was used to close Rank's video distribution business.

In conjunction with trimming its Rank Xerox stake, Rank will buy the publicly traded shares of A. Kershaw & Sons PLC that it does not already own. Kershaw is an 86 percent-owned Rank subsidiary that indirectly owns 20 percent of its financial interest in Rank Xerox.

Rank said the net result of the transaction would result in a gain of £325 million over the book value of the Rank Xerox stake. Rank will use the proceeds of the sale to reduce its net debt and invest in developing its leisure and entertainment businesses, Mr. Gifford said.

(Bloomberg, Reuters, AFP)

Bull Reports First Sales Rise In Five Years

Bloomberg Business News

PARIS — Groupe Bull said Thursday its 1994 revenue increased nearly 6 percent, the first rise in five years.

The state-controlled computer company, which France has put up for sale, said revenue for the year rose to 29.9 billion French francs (\$5.6 billion), from 28.25 billion in 1993.

Bull is to report final results for the year after its board meeting on Feb. 17. It said growth in revenue from businesses it has entered recently offset a decline in sales from its "traditional" areas, which include main-frame computers.

The company said it had 27,902 employees at the end of 1994, compared with 31,735 a year earlier.

Industry Minister José Rossi said Wednesday that five companies had expressed an interest in buying stakes of at least 10 percent in Bull. He refused to name the companies. NEC Corp. has said it plans to raise its stake in Bull.

Consumers Crimp German Growth But Strong Exports Help GDP Turn Around in 1994

By Brandon Mitchener

International Herald Tribune

FRANKFURT — German exports and capital goods spending are going strong, but consumer spending remains sluggish and is likely to stay that way because of high unemployment, modest wage gains and higher taxes.

While the German economic locomotive appears on the right track to sustainable growth, various factors point to a modest performance at best, according to economists, businessmen and government officials.

On Thursday, the Federal Statistics Office announced that Western Germany's gross domestic product grew 2.3 percent in 1994 after contracting by 1.7 percent in 1993, while growth in Eastern Germany totaled 8.9 percent, compared with 5.8 percent a year earlier.

Pan-German growth was calculated at 2.8 percent after a contraction of 1.1 percent in 1993.

"There is much to suggest that growth has still not reached its high point," said Hans Günther Merk, president of the statistics office.

But some analysts were skeptical about the outlook. "There's no doubt we have a recovery, but it's not very dynamic," said Hans-Helmut Kotz, chief economist at Deutsche Girozentrale-Deutsche Kommunalbank.

"The typical German recovery over the last 40 years has begun with higher exports, followed by higher spending on investment goods and higher corporate earnings that trickled in turn into rising

employment, rising wages and rising consumer spending," he said.

"But while the exports are indeed going strong, it's questionable whether they will have the necessary multiplier effect this time."

The main problem, analysts say, is sluggish spending by consumers, which is by far the largest single component of domestic demand.

Consumer confidence remains low because of relatively high unemployment

as well as tax increases and other mandatory payments that deprive people of part of their disposable income.

Moreover, the decline in private savings that has helped fund increased consumer spending over the last several years is considered unlikely to continue.

The German savings ratio has fallen to around 11 percent from 14 percent in 1990, according to Franz Josef Link, an economist at the German Economic Institute, an industry think tank in Cologne.

"If we had the 1990 savings rate today,

we'd have 50 billion Deutsche marks less in consumer spending," he said, adding that the re-introduction this year of the so-called solidarity tax toward German unification in turn would drain about 25 billion to 30 billion DM (\$16 to \$20 billion) from disposable incomes.

At the same time, the specters of wage-led inflation, interest-rate increases and the damping effects of fiscal consolidation, convince many observers that the German locomotive still needs a lot of maintenance.

"Germany still has considerable structural problems in fiscal policy, labor relations and industrial competitiveness," Hans Tietmeyer, president of the Deutsche Bundesbank, said Wednesday.

Singling out wages in a speech to German craftsmen, he said "wages and taxes in many sectors are clearly too high" and were hampering the competitiveness of German industry. Unemployment, which shows no signs of a quick fix, "deprives the economy of valuable human capital," he added.

Günther Thumann, an economist at Salomon Brothers Inc., meanwhile, told Reuters there were signs that consumption was picking up.

"The good news is that private consumption expanded by almost 1 percent despite low wage growth and a rise in social security and indirect taxes last year," he said. "This is a hint that we shouldn't be too negative about consumption growth this year. We can now add private consumption growth to exports as factors driving growth."

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Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3300	2200
2200	3200	2100
2100	3100	2000
2000	3000	1900
1900	2900	1800
1800	2800	1700
1700	2700	1600
1600	2600	1500
1500	2500	1400
1400	2400	1300
1300	2300	1200
1200	2200	1100
1100	2100	1000
1000	2000	900
900	1900	800
800	1800	700
700	1700	600
600	1600	500
500	1500	400
400	1400	300
300	1300	200
200	1200	100
100	1100	0

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• Standa SpA, the Italian supermarket chain controlled by outgoing Prime Minister Silvio Berlusconi's Fininvest company, said it sold its Euromercato hypermarkets to a consortium led by Benetton SpA for 971 billion lire (\$600 million).

• Portugal's Finance Ministry has approved the joint bid by Banco Comercial Portugues SA and Imperio Cia. de Seguros to acquire the entire share capital of Banco Portugues do Atlantico for 300 billion escudos (\$1.9 billion), sources said.

• Satchi & Satchi PLC shares touched a record low of 93.5 pence (\$1.46) but recovered to close at 97 pence, after British Airways PLC and Mirror Group Newspapers PLC said they were leaving the advertising agency. The stock closed at 107.5 pence on Wednesday.

• Germany's securities oversight agency said it was examining whether VIAG AG breached a new securities law by delaying an announcement of a venture with British Telecommunications PLC.

• Fokker NV said it was offering to cut the price of its aircraft to secure an order from Scandinavian Airlines System in a deal expected to be worth up to 15 billion kroner (\$2 billion).

• Bayer AG said it intended to spend \$13 billion in research and capital investments worldwide by 1997, of which 20 percent would go to U.S. operations.

• Unilever Group said it would roll out a new detergent in its Omo/Persil range throughout Europe this year to defend its shrinking market share.

Reuters, AP, Bloomberg, AFP, AFX

Italy Acts To Open Telecoms Market

Bloomberg Business News

MILAN — Telsystem SpA said Thursday its data-transmission service would begin operating by the end of the month, following a landmark ruling by Italy's Antitrust Authority that forced the state-owned telephone company to open its network to competitors.

Analysts said the decision showed that Giuliano Amato, the newly appointed president of Italy's Antitrust Authority, is committed to enforcing European Union directives.

"Amato is making it pretty clear that he's not just there to warm the seat," Massimo Verducci of Sofipa SIM, said.

Telsystem went into business last year, offering a service that enabled branch offices of large

companies to communicate with one another by computer through phone lines.

The company complained to the Antitrust Authority when Telecom Italia SpA, the state-controlled telecommunications monopoly, refused to supply Telsystem with phone lines to link it to its clients.

"We were the first company in Italy to offer this service, and our business simply ground to a halt," said Arturo Artoni, managing director at Telsystem.

"We survived by doing consulting work while the Antitrust Authority was investigating."

The Antitrust Authority ruled Wednesday that Telecom Italia was abusing its position as the monopoly telephone-service provider.

Cost Cuts Aid Austrian Bank

Bloomberg Business News

VIENNA — Creditanstalt-Bankverein said Thursday its net profit rose 3 percent last year as it kept a lid on costs and it reduced provisions against bad debts.

Profit at Austria's second-largest bank rose to 1.5 billion schillings (\$139 million) from 1.46 billion in 1993. The bank said its provisions for bad debts fell to 2.7 billion schillings from 3.6 billion in 1993.

Operating income, however, fell 20 percent, to 4.3 billion schillings, because of weak bond prices.

It confirmed its rating of AA-

S&P Wary on Sweden's Non-Krona Debt

Compiled by Our Staff From Dispatches

STOCKHOLM — Standard & Poor's Corp. on Thursday left Sweden's key bond ratings unchanged, but the credit-rating agency revised its outlook to negative from stable for borrowing in currencies other than the krona as the country struggles with a huge debt burden and budget deficit.

"The negative foreign-currency rating outlook reflects the possibility of a downgrade should slippage in the projected economic recovery cause the government to deviate from its fiscal adjustment plan," the agency said.

It confirmed its rating of AA-

plus for Swedish debt denominated in foreign currencies and a rating of AAA for Swedish debt in kronor.

Moody's Investors Service Inc., another major rating agency, downgraded Sweden's rating last week for debt in foreign currency to Aa3 from Aa2.

The krona firmed after the announcement on Thursday, partly in relief that Standard & Poor's did not follow suit. The dollar weakened to 7.4887 kronor from 7.4945 kroon on Wednesday.

"There were some pessimists who talked about a double downgrade," a dealer said.

Standard & Poor's said it expected that the Social Democrat government elected last September would make steady progress in addressing fiscal and labor market imbalances.

"In adopting a fairly slow pace of deficit reduction and over the medium-term a high-debt burden, Sweden sacrifices some of its flexibility in dealing with potential adverse developments," it said. (Reuters, AFP)

NYSE

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

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12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

Continued from Page 12

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Herald Tribune

DUBAI MUNICIPALITY
SUBJECT: CHILDREN MUSEUM

Dubai Municipality wishes to prequalify Consultants experienced in the field of child development through educational and practical experience and interaction in a Museum and Science Centre environment.

The Consultant shall be required to design and supervise the construction of a suitable purpose made building for the above purpose.

Interested Consultants should contact Dubai Municipality to obtain Prequalification Documents from:

Office of Assistant Director General for Roads and General Projects Affairs
Dubai Municipality
P.O. Box 67
Dubai, U.A.E.
Telephone No. 971-4-2063651
Fax No. 971-4-222825
Closing date for collection of Prequalification Forms shall be 31 January, 1995

GARTMORE JAPAN WARRANT FUND
Société d'investissement à Capital Variable
39, Allée Scheffer,
L-2520 Luxembourg
RC Luxembourg B23.663

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Shareholders of GARTMORE JAPAN WARRANT FUND are hereby convened to attend the Annual General Meeting of Shareholders to be held at the registered office of the Company on February 3, 1995 at 11.30 a.m. with the following Agenda:

1. Reports of the Chairman of the Board of Directors and the Independent Auditor.
2. Approval of the Statement of Net Assets as at September 30, 1994, and the Statement of Operations for the Year ended September 30, 1994.
3. Appropriation of net results.
4. Discharge of the Directors and the Independent Auditor in respect of the carrying out of their duties during the financial year ended September 30, 1994.
5. Re-election of the Directors to serve until the next Annual General Meeting in 1996 (ratification of the cooptation dated June 15, 1994 of Mrs. Agnès Larnelle as Director of the Slev in replacement of Mr. Pierre Delandmeter resigning and ratification of the cooptation dated August 31, 1994 of Mr. Andrew Fleming as Director of the Slev in replacement of Mr. Bruce Seton resigning).
6. Re-election of the Independent Auditor to serve until the next Annual General Meeting in 1996.
7. Miscellaneous.

Decisions on the above items require a quorum and may be passed by a simple majority of the votes present or represented.

The holders of bearer shares should deposit their shares at least five clear days in advance of the meeting at Banque Indus Luxembourg, 39, Allée Scheffer, L-2520 Luxembourg, Grand Duché de Luxembourg.

By order of the Board of Directors.

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

(Continued)

12 Month	Div	1st PE	52 Wk High	52 Wk Low	Open
High Low Stock					
1992					
1993					
1994					
1995					
1996					
1997					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
2007					
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2029					
2030					

[The page contains dense handwritten text in multiple columns, which is mostly illegible due to extreme blurring and low resolution.]

日期	姓名	性别	年龄	籍贯	职业	住址	备注
1942.1.1	王德胜	男	35	山东	农民	山东烟台	
1942.1.2	李德胜	男	35	山东	农民	山东烟台	
1942.1.3	张德胜	男	35	山东	农民	山东烟台	
1942.1.4	赵德胜	男	35	山东	农民	山东烟台	
1942.1.5	刘德胜	男	35	山东	农民	山东烟台	
1942.1.6	孙德胜	男	35	山东	农民	山东烟台	
1942.1.7	周德胜	男	35	山东	农民	山东烟台	
1942.1.8	吴德胜	男	35	山东	农民	山东烟台	
1942.1.9	郑德胜	男	35	山东	农民	山东烟台	
1942.1.10	冯德胜	男	35	山东	农民	山东烟台	
1942.1.11	陈德胜	男	35	山东	农民	山东烟台	
1942.1.12	林德胜	男	35	山东	农民	山东烟台	
1942.1.13	黄德胜	男	35	山东	农民	山东烟台	
1942.1.14	周德胜	男	35	山东	农民	山东烟台	
1942.1.15	吴德胜	男	35	山东	农民	山东烟台	
1942.1.16	郑德胜	男	35	山东	农民	山东烟台	
1942.1.17	冯德胜	男	35	山东	农民	山东烟台	
1942.1.18	陈德胜	男	35	山东	农民	山东烟台	
1942.1.19	林德胜	男	35	山东	农民	山东烟台	
1942.1.20	黄德胜	男	35	山东	农民	山东烟台	
1942.1.21	周德胜	男	35	山东	农民	山东烟台	
1942.1.22	吴德胜	男	35	山东	农民	山东烟台	
1942.1.23	郑德胜	男	35	山东	农民	山东烟台	
1942.1.24	冯德胜	男	35	山东	农民	山东烟台	
1942.1.25	陈德胜	男	35	山东	农民	山东烟台	
1942.1.26	林德胜	男	35	山东	农民	山东烟台	
1942.1.27	黄德胜	男	35	山东	农民	山东烟台	
1942.1.28	周德胜	男	35	山东	农民	山东烟台	
1942.1.29	吴德胜	男	35	山东	农民	山东烟台	
1942.1.30	郑德胜	男	35	山东	农民	山东烟台	
1942.1.31	冯德胜	男	35	山东	农民	山东烟台	

12 Month High Low Stock	Div	Yld	PE	Stk 100s	High	Low	Latest Close
1.20	4.5	12	10	100	12.00	11.50	11.75
1.10	4.0	12	10	100	11.00	10.50	10.75
1.00	3.5	12	10	100	10.00	9.50	9.75
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Parameter	Value
Temperature	20°C
Pressure	1 atm
Time	1 h
Concentration	0.1 M
pH	7.0
Volume	10 mL
Flow rate	1 mL/min
Wavelength	254 nm
Scan rate	1000 scans/min
Sensitivity	0.1 AU
Resolution	0.1 eV
Energy range	0-10 eV
Beam current	10 nA
Spot size	1 mm
Vacuum pressure	< 10 ⁻⁹ Torr
Data acquisition	16 bits
Software	WinData
Hardware	PC 486
Fabrication	Electron beam evaporation
Substrate	Si(111)
Deposition rate	1 Å/s
Thickness	100 Å
Crystallinity	Polycrystalline
Morphology	Smooth
Surface area	1 m ² /g
Pore volume	0.5 cm ³ /g
Adsorption capacity	10 mg/g
Desorption efficiency	95%
Cycle life	10 cycles
Stability	High
Toxicity	Low
Biocompatibility	Good
Environmental impact	Minimal
Cost-effectiveness	High
Scalability	Yes
Regulatory compliance	Yes
Market potential	High
Risk factors	Low
Overall rating	A+

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Tribune.
IX TIMES AND THE WASHINGTON POST

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SPORTS

Sampras Is Dealt A Tough Draw in Australian Open

The Associated Press

MELBOURNE — Pete Sampras has a potentially tough draw when he begins his defense of the Australian Open men's singles title at the National Tennis Center on Monday. For No. 2 seed Andre Agassi, things look a lot easier.

Sampras, the world's top-ranked player, on Thursday was drawn to face Italian baseliner Gianluca Pozzi in his first-round match. He may face fellow American Jared Palmer in the second round and could meet Magnus Larsson of Sweden in the round of 16, and two-time champion Jim Courier or former Wimbledon titlist Michael Stich of Germany in the quarterfinals.

"I'm sure Pete Sampras is looking through his draw and finding he has a very difficult route to the finals," three-time Australian champion Mats Wilander said. "He's playing very dangerous players."

Agassi, who will play in the first Grand Slam championship of the year for the first time, was drawn to face qualifiers in his opening two matches and is in a weaker bottom half of the draw.

The toughest opponent the U.S. Open champion might face before the quarters could be Australia's Patrick Rafter, who beat him in straight sets in an exhibition in Adelaide on Wednesday while Agassi was still jet-lagged and having trouble adjusting to the twilight.

Todd Martin, the No. 8 seed and runner-up to Sampras last year, is seeded to meet Agassi in the quarters.

Boris Becker of Germany, the

No. 3 seed and winner in Australia in 1991, will play Patrick McEnroe of the United States in his first-round match. He defeated the American in the Australian Open semifinals in 1991.

Two-time champion Stefan Edberg opens against one of Australia's most promising young players, Mark Philippoussis, who was given a wild card into the tournament, while No. 4 seed Goran Ivanisevic of Croatia will face German left-hander Carl-Uwe Steeb.

Paul Kilderry of Australia, a 21-year-old who was given a late wild card, will play No. 5 seed Michael Chang of the United States.

Former Wimbledon champion Pat Cash will face American Alex O'Brien, while Wilander will meet Dutchman Jacco Eltingh.

Two-time winner Courier, seeded No. 9, plays David Rikl of the Czech Republic.

The draw for the women's

singles will be made Friday. Michael Chang rallied twice to beat Boris Becker, 4-6, 6-4, 7-6 (7-3), and advance to the final of the Colonial Classic tournament at Melbourne.

Becker led by a set and 4-2 before Chang recovered to win the second set. The German then served for the match at 6-5 in the third set before Chang surged back again.

Chang's persistently deep returns finally forced Becker into some crucial errors.

Becker served two double faults when he served for the match and also made several errors in the tiebreaker — including missing a simple volley at 3-5.



A group of skiers coming off a mostly bare slope in the Sierra Nevada where the world championships will be held.

In Spain, a 'White-Mare' on the Slopes

Compiled by Our Staff From Dispatches

MADRID — With less than three weeks to go before they start, a shortage of snow in the Sierra Nevada mountains has put the World Alpine Ski Championships in jeopardy.

"It certainly is a nightmare — or should I say a 'white-mare,'" said Jeronimo Paez, general secretary of the local organizing committee.

About \$1.2 billion in private and public funds has been invested in the ski resort in southern Spain and the surrounding region since Sierra Nevada was awarded the event in 1990.

The resort boasts one of Europe's largest fleets of snow-making cannons, which Paez and skiing's world governing body, FIS, hope will ensure the staging of Spain's biggest sports event since the 1992 Barcelona Olympics.

The competition is scheduled for Jan. 30 to Feb. 12. Unconfirmed reports say FIS will make a final decision Jan. 20 on whether to keep the championships in Spain or move them elsewhere. Two European resorts — Veysonnaz in Switzerland and Saalbach in Austria — are reportedly offering to take over the event.

Paez and Gian Franco Kasper, general secretary of FIS, insist there are no plans to move the event.

"I think I'd kill myself first, after all the time and money we've spent," Paez said, still able to joke. "We can hold the event with the artificial snow we produce. It may not be the most beautiful, but it can be done."

Kasper, in Kitzbühel, Austria, for a weekend of men's World Cup races — two downhills, a slalom and a combined

event — said: "It is either the Sierra Nevada or nothing. It could be a purely artificial snow championship."

"Some resorts have said they are ready to have the championships," Kasper added. "But FIS has not contacted them."

Ironically, the lack of snow in southern Spain contrasts with a deluge in the Alps. The men's super-G race in Flachau, Austria, was called off on Tuesday because of heavy snowfalls. And training sessions at Kitzbühel were called off on Wednesday and Thursday.

The latest plans, said Günter Hujara, the FIS race director, were for a double sprint downhill to be run Friday at Kitzbühel, with a regular downhill on Saturday and the slalom on Sunday, then a super-G on Monday to replace the race from Flachau.

(A.P., Reuters)

The FIFA Purge

International Herald Tribune

LONDON — The purge at FIFA goes on, with two senior executives of FIFA House in Zurich being removed this week with such a lack of sentiment that fear of angering "the old man" now paralyzes the administration of soccer's governing body.

There is some confusion as to who most wanted Guido Tognoni and Miguel Galan, the director of public relations and press, and the director of competitions, respectively, to be fired. But the name on the dismissal notice is clear: Dr. João Havelange.

FIFA's president was en route home to Rio de Janeiro when Tognoni entered FIFA House and was handed the letter instructing him to clear his desk within the day and leave his keys. "It felt as if I was being treated like a criminal after 11 years without doing anything wrong," Tognoni said Thursday from his home in Zurich. But if it is bad for him, it is worse for Miguel Galan, who has been at FIFA for 20 years. Galan, 47, fled the Chile that was ruled by General Pinochet, and friends insist he was ever the diplomat, never uttering a word out of place.

Tognoni will say no more while he seeks legal recompense. He does, however, refute suggestions that a public chastising of Franz Beckenbauer, president of Bayern Munich, annoyed the German and led to his dismissal. Havelange took umbrage; Beckenbauer assured Tognoni there were no hard feelings.

However, no one disputes that FIFA's general secretary, Sepp Blatter, agreed to sacrifice two of his closest aides, or that Tognoni and Galan had questioned the promotion of the Swiss referee, Michel Zen-Ruffinen, as deputy general secretary with authority over them. Insiders say that Tognoni and Galan objected to the promotion in "a robust discussion" with Blatter. The general secretary, when the dismissals were announced, said, "They couldn't accept that I appointed the youngest of the management group as my deputy. It was them or me. I can only work on the basis of trust and confidence."

What confidence has been retained in President Havelange is another matter. Since early last year, when Blatter's name was briefly put forward as a candidate to succeed the Brazilian, now 74, in the 1994 FIFA presidential election, fear and suspicion has undermined the organization. Havelange appeared to blame Tognoni for the press "orchestrating" Blatter's putative bid. Many who are familiar with the president's ego predicted the purge that began in October and continues.

IN THE EVENT, no one dared stand against his desire to ride out a sixth term — in a wheelchair if necessary. Havelange then redrew the FIFA committee lists, axing able and learned members. He does not even bother to deny that he is maneuvering Ricardo Teixeira, his son-in-law, into a dynastic succession.

The opposition just melts away. This week was supposed to have seen a major challenge. Havelange was warned by Sultan Ahmad Shah, president of the Asian Confederation — which has almost a quarter of FIFA's 191 nations — that the leaders of the five continental federations would meet in Riyadh to oppose the recent unconstitutional changes. But no dissent has emerged, at least in public. Havelange, as is his custom, stayed barely two days as he ambled through the corridors "leading Teixeira by the hand," a source said.

Meanwhile, in Zurich, Blatter appears to be becoming ever more isolated, his FIFA friends in high places being shied by the month. His staff afraid of losing their jobs.

"Nobody opposes Havelange," said one insider on the condition of anonymity, "because... well because nobody opposes him. Even at 78 he has too much personal power."

Europe, the logical place from which a successor to come, has no credible candidate. Africa has one, Issa Hayatou, but that confederation is not likely to command global support.

And Asia? The threat seemed very real in December. Asia is the next World Cup money pot, in the year 2002, unless Havelange's friends in Mexico land their third tournament in 20 years. But the very fact that South Korea and Japan are rivals bidding for 2002 makes them vulnerable to division.

FIFA followers conclude that only death will end Havelange's dictatorship. In that event, his friend, the Mexican TV entrepreneur Guillermo Canedo, a mere 74, would take the chair until a meeting that comes every two years.

By then, it is assumed, the old man's ghost will have ushered in his son-in-law, unopposed.

Rob Hughes is on the staff of The Times.

Weather Puts a Damper on America's Cup Trials

By Barbara Lloyd

New York Times Service

SAN DIEGO — Call it weather, or call it calamity, but uneasiness has set the stage here for the start of the first set of America's Cup defenders trials.

Even Team Dennis Conner seemed to have a case of the jitters, despite having the equivalent of a millennium of cup racing experience compared with its two relatively neophyte defense rivals, America3 and PACT 95.

"Dennis said the other night that this cup feels a little like 1980," said Tom Whidden, the tactician who has sailed with Conner in five America's Cup competitions. "We don't feel quite as prepared as we'd like to be, and the weather hasn't helped."

In 1980, Conner sailed the 12-meter (39-foot) Freedom, a new boat that went on to successfully defend the America's Cup. But in the first trial race of that season, Freedom lost to Courageous, an

older boat skippered by the indefatigable Ted Turner.

But there are other factors in motion. Rain and wind, although far less torrential the last few days than in the rest of California, robbed the cup teams of precious practice time on the water. That included the seven foreign challengers, who begin their trial series Saturday.

San Diego had its share of fierce weather last week when a tornado ripped through the PACT 95 compound, causing severe damage to the team's boat, Young America, and adjoining buildings. PACT asked for extra time to get ready for the elimination trials as it scurried to repair its 75-foot yacht.

Officials at the San Diego Yacht Club made a concession. They scheduled Conner's boat, Stars & Stripes 95, in races against America3, the all-woman team, for three days straight, and it was those two boats that were to begin the defenders trials. But their first race

Thursday was called off when high seas both in the mouth of the harbor and offshore prevented the boats from reaching the race course.

Young America, with the change, is to sail its first trial race Sunday rather than Friday, weather permitting.

"We need right up to the first day of our race to physically get ready," said Robert Hopkins Jr., vice president of PACT 95. "If they hadn't given us time until Sunday, we would, in effect, have been doing sea trials during racing."

Young America, which had a 7-foot gash and another hole in the port side, was to be relaunched Thursday.

PACT has estimated as much as \$650,000 in lost or broken equipment from the storm; the other cup camps received only minor damage. But even for them, weather has become an ogre in a settling where sunshine is touted as a daily elixir.

Leslie Egnot, a helmswoman for

America3, said her team agreed to the schedule change given the plight of PACT 95.

"We're only as good as how hard we're pushed," she said, referring to America3's willingness to race without a break for three days. "We're happy to be a help as best we can."

The first round-robin, which ends Jan. 20, awards 1 point to each boat that wins. But as the racing format moves into its fourth round in March, a victory scores a boat 7 points.

The relative weight in scoring has turned the first round into a catch-as-catch-can kind of competition. Most teams concede they won't be using their best equipment in the early days.

"We need to improve by fifteen-hundredths to two-tenths of a knot to win the America's Cup," said Paul Cayard, the former skipper for Italy who is now sailing as a strategist on Conner's boat. "This game is a long game."

SIDELINES

Leeds Still Awaiting Yeboah Arrival

LEEDS, England (AP) — Ghanaian striker Anthony Yeboah's transfer from Eintracht Frankfurt to Leeds has been held up by work permit problems.

Leeds had planned to have him in the lineup for Saturday's match against Southampton at Elland Road. But the Department of Employment told the club Thursday to delay Yeboah's arrival from Germany until a work permit has been granted.

Sprinter Okeke Fails U.S. Drug Test

OSLO (Reuters) — Aham Okeke, one of Europe's top sprinters, tested positive for steroids while training last month at Abilene Christian University in Texas, Norway's Athletics Association announced.

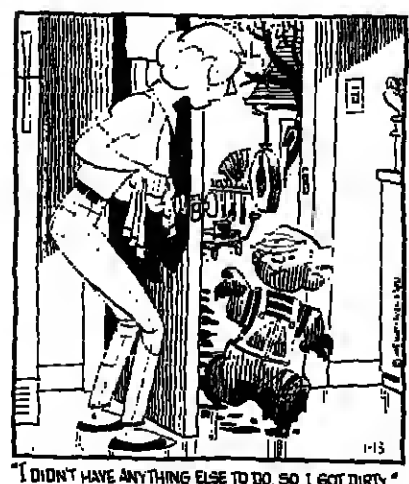
The Nigerian-born Okeke was barred from last year's European championships in Helsinki after failing a drug test, but was cleared of deliberately using a banned substance. If the second U.S. sample tests positive, the IAAF could ban him for life.

For the Record

Dennis Erickson, who coached the University of Miami to two national championships and a 63-9 record from 1989 through 1994, has been hired to coach the NFL's Seattle Seahawks. (AP)

Rob Hughes is on the staff of The Times.

DENNIS THE MENACE



"I DIDN'T HAVE ANYTHING ELSE TO DO, SO I GOT DIRTY."

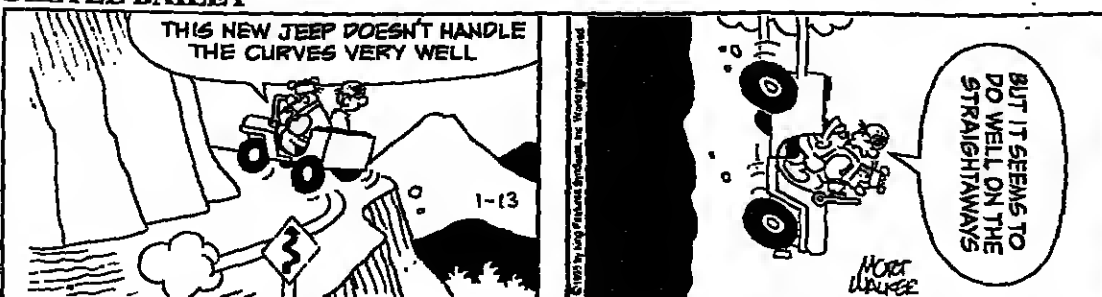
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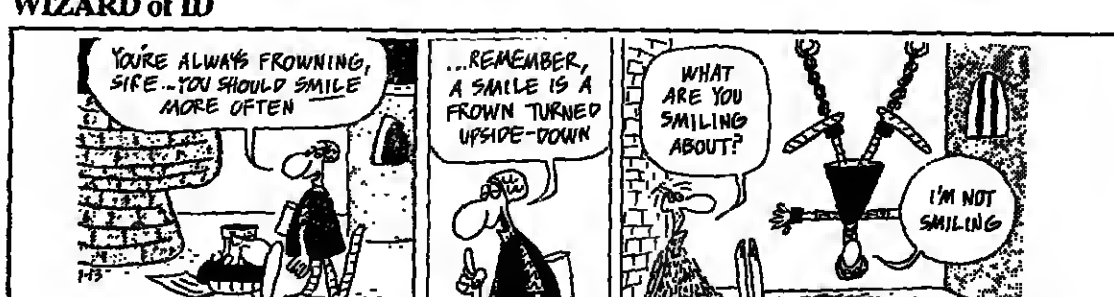
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THE FAR SIDE



When cliff divers belly flop

BLONDIE



JUMBLE THAT SCRAMBLED WORD GAME

Unscramble these four jumbles, then rearrange the letters to form a fifth word. You have four minutes.

KELUF

YASAS

MULASY

BRITBA

What the beauty contestants sought at the Duke Ranch.

Now arrange the correct letters to form the answer. (Don't forget to use the letters in the jumbles.)

First answer here: THEIR

Answers: 1. JUMBLES, 2. JUMBLES, 3. JUMBLES, 4. JUMBLES, 5. JUMBLES

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Art, Debt, Slumber

The scheme is to amend the Constitution to say, basically, "Deficit budgets, go away." Every mother's statesman son and daughter can vote for it and be an instant people's hero, assured that by the time the amendment takes effect it will be another generation's problem to figure out how to wipe out enough vital government services to fulfill 1995's bookkeeping dream.

If this works, we may oxc! see the crime problem disposed of with a constitutional amendment ordering it to cease.

She also has an 8-month-old grand-

She is proud that she has never stopped working: European movies, "The Love Boat," guest spots on "Falcon Crest." She has recently taken up

Liverpool University plans to award Arthur C. Clarke, author of "2001: A Space Odyssey," an honorary degree beamed through space — the university will send the degree to Sri Lanka, where Clarke lives, by satellite.

Resort	Depth L	U.Mts. Miles	Plates	Res. Status	Snow Start	Last Snow	Comments
Italy							
Bormio	30	100	Good	Open	Pwdr	12/1	11/16 mts open, greatly improved
Gervinia	120	300	Pwdr	Open	Pwdr	12/1	High winds 'snow lying
Cortina	20	30	Good	Open	Pckd	12/1	After lifts open, snow retained
Corvara	50	100	Pwr	N/A			Switzerland closer, heavy snow
Livigno	70	100	Pwdr	Open	Pwdr	12/1	Heavy snowfalls, outlook excellent
Seis	25	40	Good	Open	Var	12/1	All lifts and passes opening soon
Norway							
Gallo	50	50	Good	Open	Var	9/1	All 18 mts open, good skiing
Spain							
Baqueira	100	130	Good	Open	Var	9/1	All lifts and passes open
Switzerland							
Arosa	115	120	Pwdr	Open	Pwdr	12/1	Heavy snowfalls, powder skiing
Leysin	150	220	Good	Open	Pwdr	12/1	Avalanche risk increasing
Mont-Corn	450	130	Good	Open	Pwdr	12/1	Prospects excellent, 3-30 mts
St. Moritz	10	100	Pwdr	Open	Pwdr	12/1	1-12 mts open due to snowfalls
Giroslewald	110	180	Pwdr	Open	Pwdr	12/1	Snow beginning to tase off
St. Moritz	60	130	Good	Open	Pwdr	12/1	Excellent prospects when clear
Verbier	110	220	Pwdr	Open	Pwdr	12/1	All upper lifts closed for safety
Wengen	50	100	Pwdr	Open	Pwdr	12/1	Most lifts on weather hold
Zermatt	70	280	Pwdr	Open	Pwdr	12/1	Huge amounts of fresh powder
U.S.							
Aspen	100	105	Good	Open	Pckd	9/1	All 8 lifts open
Mammoth	300	350	Pwdr	Open	Pwdr	12/1	Some lifts on weather hold
Purgatory	155	170	Good	Open	Pwdr	9/1	All 9 lifts open
Steamboat	110	130	Good	Open	Pwdr	9/1	All 20 lifts open
Telluride	120	135	Good	Open	Pwdr	9/1	All 10 lifts open
Vail	80	100	Good	Open	Pwdr	9/1	All 25 lifts open
Key: L/L Depth in cm on lower and upper slopes, Mts. Plates Mountaineering passes, Res. Platters Huns leading to resort village, Art Artificial snow							
Reports supplied by the Ski Club of Great Britain							

one. It's within 1000 speed to use: Fast. Or faster.

Without one, you can do it even faster

[illegible]